

MOWBRAY COLLECTABLES GROUP
ANNUAL REPORT
2008



MOWBRAY
COLLECTABLES

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 2008.



Murray Radford
Director



John Mowbray
Director

23 June 2008

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John Olsen
Dutton's Island 1984
Oil on composition board (diptych)
Sold in November 2007 for AS450,000
Bonhams & Goodman



Arthur Streeton
The Cloud 1936
Oil on canvas
Sold in August 2007 for AS 444,000
Bonhams & Goodman

Front cover:
1840 Great Britain 1d Black Plate 7
unused block of 9.
Sold at auction by Mowbrays Australia
June 18, 2008 for AS47,000.

DIRECTORS' REPORT

The directors present to the shareholders the eighth annual report of the Mowbray Collectables Ltd group. This report covers the activities of the group for the year to 31 March 2008.

FINANCIAL RESULTS

	Group	
	2008	2007
	\$	\$
Operating revenue	4,731,786	4,464,653
Surplus before interest, taxation, depreciation, amortisation and share of associates net surplus	392,778	347,622
Depreciation	33,107	27,612
Amortisation	387	745
Surplus before interest, share of associates net surplus and taxation	359,284	319,265
Interest income	22,963	22,179
Interest expense	(60,376)	(44,276)
Surplus before share of associates net surplus and taxation	321,871	297,168
Share of associates' net surplus	24,348	182,859
Surplus before income tax	346,219	480,027
Taxation	112,013	97,933
Net surplus after taxation	234,206	382,094

DIVIDEND

For the current year the directors have decided not to declare a dividend due to insufficient imputation credits and to preserve cash. We expect this is a temporary measure to be resolved at the end of the year.

IFRS – INTERNATIONAL FINANCIAL REPORTING STANDARDS

As we have reported in the past year the accounts have been measured under the new international financial reporting standards, IFRS.

The impact of these standards is reflected in the detailed notes to the accounts. All group companies have been amended for goodwill value under IFRS with the result that no impairment of goodwill is recognised in the year-end result.

The IFRS review, analysis and audit of each of our cash generating units has been robust and confirms our confidence in the profitability of the core businesses of the group.

TRADING

J R MOWBRAY (PHILATELIST)

The stamp market has continued to thrive. Our monthly stamp auctions sales are up 15% on last year and 25% up on 2 years ago. Despite the strong New Zealand dollar our sales to overseas clients continues to represent in excess of 55% of our turnover.

As a result of our increased inventories due to the Stirling purchase (2005) and the Walkham collection (2006), monthly auctions are now averaging \$104,000 per month. This despite one of our key assessors being off work for 12 months following a motor accident on his way to work last June. We hope to have him back at work soon. The increased size of our Otaki offices has significantly allowed us to improve our stock storage and working conditions. Inventory continues to be conservatively valued at cost or 30% of auction estimate and at \$1,538,387 is \$49,742 higher than the previous year.

We hold good inventory yet to be processed to ensure successful trading in coming years.

JOHN MOWBRAY INTERNATIONAL

Our 15th sale in October 2007 realised \$1,120,000, a record total for us. Stamps, coins and banknotes all sold well. An extra sale was held in March 2008 for the estate of David Jarvis, which realised \$350,000. A Private Treaty Sales list of material unsold in the October sale was also very successful.

We continue to be approached by vendors offering to consign quality material and this bodes well for our sale in October this year, which remains the only public auction of stamps, coins and banknotes in New Zealand.

WORLD WIDE FUND FOR NATURE STAMP PROGRAM (NZ)

A steady result for the program in New Zealand, which has limited marketing opportunities compared with Australia.

WILDLIFE PHILATELIC COLLECTIONS PTY LTD

Another good result for the World Wide Fund for Nature Stamp Program in Australia. Costs were higher due to an expanded marketing campaign, which will reflect in better sales this coming year with less costs. The business is ably managed under contract by Andrew Pitt (Barlow International Ltd).

HOUSE OF STAMPS

This division had another steady year, with manager Malcolm Turner also handling the coins and banknotes activities of the international auction. Product sales of agencies we hold including Davo, Stanley Gibbons and Prinz continue to be consistent in a steady market.



1935 2½d Prussian Blue
Silver Jubilee

Sold in March 2008 for NZ\$14,000
John Mowbray International



John Mowbray, Managing Director



1934 Reserve Bank of New Zealand Ten Shilling notes
consecutive pair.

Sold in October 2007 for NZ\$9,085
John Mowbray International

MOWBRAYS AUSTRALIA PTY LTD

A disappointing year for our Australian stamp auction business. The name change from Stanley Gibbons Australia occurred in February with a record-breaking sale, but this was not enough to generate a positive result for the year. However, the constraints imposed on the Stanley Gibbons licence, such as not being able to use the Internet for any marketing activity, ensures there is much improvement possible in this company. The change of name to Mowbrays is considered very successful but costs of running the two offices in Sydney and Melbourne will have to be addressed this year to ensure a positive result. The Sydney office has had sales of other collectables (model cars etc), and initial results, whilst modestly successful, indicate avenues of growth.



Bill Hammond
Fortified Gang Headquarters
Acrylic on unstretched linen canvas
Price achieved \$330,000 hammer
Peter Webb Galleries

A record price for a living New Zealand artist at auction.

PETER WEBB GALLERIES LTD (49% OWNED)

Business was very challenging in the New Zealand art market last year following the departure of three senior staff in December 2006 to form a competitive business. Under the leadership of General Manager, Sophie Coupland, and Peter Webb, Webbs reacted positively to retain their market share. Over the past ten years, Webbs have sold seven of the highest auction selling paintings in New Zealand, and last year they sold seven of the ten highest priced paintings sold by auction in 2007. Despite this very competitive market, Webbs result remained positive.

Looking forward, the appointment of Neil Campbell as Managing Director of Webbs in May this year will ensure the dominance of Webbs in the art and antiques market. Neil, previously a senior executive with Telecom and TVNZ, comes from a well known auctioneering family and is poised to continue the growth of the Webbs brand in the New Zealand market. Sophie Coupland steps in to the role of director and head of the art department.

Despite the economic uncertainty in the world, sales post balance date are ahead of budget. The June sale is particularly strong.

BONHAMS & GOODMAN (20% OWNED)

Bonhams & Goodman continued to expand in the Australian market with sales approaching \$30 million. The Melbourne base has been successfully established, but at extra cost. Post balance date, the purchase of Leonard Joel, one of Australia's famous auction houses based in Melbourne, has ensured the rapid growth of the company and is now close to becoming the No. 1 in Australia. With salerooms in Sydney (2) Melbourne (2) and Adelaide, Bonhams & Goodman is well placed to offer a complete service to Australian clients unmatched by any of their competitors.

Our investment in this company, whilst strategic, is proving to be a successful one, but yet to provide a dividend return to us, as all cashflow is used for expansion. We expect to start seeing dividend returns in the next year.

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. We welcome the appointment of Neil Campbell as Managing Director of Webbs, as we continue to develop and strengthen our management team.



Jeffrey Smart
The Walker III
Oil on canvas
Sold in November 2007 for A\$420,000
Bonhams & Goodman

CORPORATE GOVERNANCE

The Board of Directors of Mowbray Collectables Ltd is elected by shareholders to supervise and direct the management of the business and 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 directors are Independent Directors as defined in 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 Ian Halsted 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 36.

OUTLOOK

The year's result was disappointing to directors, as we failed to produce the results anticipated from such a strong selling year. With one exception, all major divisions/ associates had record sales years. Control of costs and efficiency of management is our prime consideration for the year ahead. Our core business in New Zealand is performing very well and we need similar results from the other businesses to produce the result expected by our shareholders. We have a solid base to work on:

- Mowbray is the largest stamp auction business in Australasia.
- Webbs are number one in art, jewellery, decorative art, wine and book auctions in New Zealand.
- Bonhams & Goodman are number one in jewellery and number two in auction sales in Australia.

This is a strong base from which to achieve success in the coming year.

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

For and on behalf of the Board of Directors.



Murray Radford
Chairman

23 June 2008



John Mowbray
Managing Director



Albert Tucker
Confronting 1992
Synthetic polymer paint on composition board
Sold in April 2008 for A\$426,000
Bonhams & Goodman

Mowbray Collectables Limited**Income Statement**

for the year ended 31 March 2008

	Notes	CONSOLIDATED		PARENT	
		Year Ended 31 March 2008 \$	Year Ended 31 March 2007 \$	Year Ended 31 March 2008 \$	Year Ended 31 March 2007 \$
Operating revenue	1	4,731,786	4,464,653	191,313	387,033
Changes in inventory		53,626	232,280	-	-
Purchases		(901,984)	(1,058,318)	-	-
Employee benefits and expense		(1,341,245)	(1,354,698)	(232,937)	(210,259)
Office consumables		(553,277)	(528,267)	(6,017)	(5,595)
Promotional expenses		(324,807)	(316,888)	(7,588)	(7,914)
Other expenses		(1,271,321)	(1,091,140)	(286,606)	(184,491)
Surplus before interest, taxation, depreciation, amortisation and share of associates net surplus		<u>392,778</u>	<u>347,622</u>	<u>(341,835)</u>	<u>(21,226)</u>
Depreciation	8	33,107	27,612	123	222
Amortisation	10	<u>387</u>	<u>745</u>	<u>-</u>	<u>-</u>
Surplus before interest, share of associates net surplus and taxation		<u>359,284</u>	<u>319,265</u>	<u>(341,958)</u>	<u>(21,448)</u>
Interest income	1	22,963	22,179	159,300	145,837
Interest expense		<u>(60,376)</u>	<u>(44,276)</u>	<u>(28,232)</u>	<u>(2,501)</u>
Surplus before share of associates net surplus and taxation		<u>321,871</u>	<u>297,168</u>	<u>(210,890)</u>	<u>121,888</u>
Share of associates' net surplus	6	<u>24,348</u>	<u>182,859</u>	<u>1,323</u>	<u>205,073</u>
Surplus before income tax		<u>346,219</u>	<u>480,027</u>	<u>(209,567)</u>	<u>326,961</u>
Taxation	3	<u>112,013</u>	<u>97,933</u>	<u>(1,271)</u>	<u>(3,225)</u>
Net surplus after taxation		<u>234,206</u>	<u>382,094</u>	<u>(208,296)</u>	<u>330,186</u>
Earnings per share:					
Basic (cents per share)	16	2.2	3.5		

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

Mowbray Collectables Limited**Statement of Movements in Equity**

for the year ended 31 March 2008

	Notes	CONSOLIDATED		PARENT	
		Year Ended 31 March 2008 \$	Year Ended 31 March 2007 \$	Year Ended 31 March 2008 \$	Year Ended 31 March 2007 \$
Equity at beginning of year		4,362,990	4,499,407	4,003,993	4,165,889
Recognised revenues and expenses					
Surplus (deficit) after taxation		234,206	382,094	(208,296)	330,186
Movement in foreign currency translation reserve	13	<u>15,121</u>	<u>(26,429)</u>	<u>-</u>	<u>-</u>
Total recognised revenues and expenses		249,327	355,665	(208,296)	330,186
Distributions to shareholders		(273,646)	(492,082)	(273,646)	(492,082)
Equity at end of year		<u>4,338,671</u>	<u>4,362,990</u>	<u>3,522,051</u>	<u>4,003,993</u>

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

Mowbray Collectables Limited**Balance Sheet**

as at 31 March 2008

	Notes	CONSOLIDATED		PARENT	
		as at 31 March 2008 \$	as at 31 March 2007 \$	as at 31 March 2008 \$	as at 31 March 2007 \$
EQUITY					
Share capital	12	5,582,099	5,582,099	5,582,099	5,582,099
Accumulated deficit	14	(1,204,524)	(1,165,084)	(2,060,048)	(1,578,106)
Foreign currency translation reserve	13	(38,904)	(54,025)	-	-
Total Equity		<u>4,338,671</u>	<u>4,362,990</u>	<u>3,522,051</u>	<u>4,003,993</u>
Represented by:					
CURRENT ASSETS					
Cash & cash equivalents		459,066	214,080	(249,219)	15,591
Receivables & prepayments		1,121,371	843,933	5,781	6,669
Inventory	15	<u>1,853,763</u>	<u>1,800,137</u>	-	-
Total Current Assets		<u>3,434,200</u>	<u>2,858,150</u>	<u>(243,438)</u>	<u>22,260</u>
CURRENT LIABILITIES					
Trade creditors		1,587,701	809,213	23,602	23,369
Other payables & accruals	11	323,996	260,378	150,704	118,316
Taxation payable	3	23,155	(4)	(40,961)	(9,389)
Current portion of loan	17	117,613	139,811	-	-
Current portion of hire purchase	18	-	2,233	-	-
Total Current Liabilities		<u>2,052,465</u>	<u>1,211,631</u>	<u>133,345</u>	<u>132,296</u>
WORKING CAPITAL		<u>1,381,735</u>	<u>1,646,519</u>	<u>(376,783)</u>	<u>(110,036)</u>
NON-CURRENT ASSETS					
Deferred tax	3	51,132	52,012	18,664	17,393
Property plant & equipment	8	114,260	115,894	151	274
Intangible assets	10	420	807	-	-
Goodwill	9	696,472	696,472	-	-
Investment in associates	6	2,196,105	2,171,757	1,313,455	1,312,132
Investment in subsidiaries		-	-	2,762,857	2,762,857
Related party receivables	5	<u>92,127</u>	<u>70,382</u>	<u>(196,293)</u>	<u>21,373</u>
Total Non-Current Assets		<u>3,150,516</u>	<u>3,107,324</u>	<u>3,898,834</u>	<u>4,114,029</u>
NON-CURRENT LIABILITIES					
Non-current payables		-	112,500	-	-
Non-current portion of loan	17	<u>193,580</u>	<u>278,353</u>	-	-
Total Non-Current Liabilities		<u>193,580</u>	<u>390,853</u>	-	-
NET ASSETS		<u>4,338,671</u>	<u>4,362,990</u>	<u>3,522,051</u>	<u>4,003,993</u>

For and on behalf of Board of Directors

J R Mowbray
Managing Director


23 June 2008

M C Radford
Chairman


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

Mowbray Collectables Limited**Cash Flow Statement**

for the year ended 31 March 2008

	Notes	CONSOLIDATED		PARENT	
		Year Ended 31 March 2008 \$	Year Ended 31 March 2007 \$	Year Ended 31 March 2008 \$	Year Ended 31 March 2007 \$
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash was provided from (applied to)					
Receipts from customers		4,404,042	4,676,153	-	-
Interest received		22,963	22,179	6,270	6,589
Other revenue		-	-	-	-
Dividends received		-	246,667	-	246,667
Payments to suppliers		(2,273,301)	(3,079,470)	(271,933)	(204,481)
Payments to employees		(1,339,414)	(1,369,152)	(227,706)	(210,833)
Interest paid		(60,376)	(44,276)	(28,232)	(2,502)
Taxation paid		(87,980)	(134,056)	(31,572)	(7,793)
Net cash flow from operating activities	21	665,934	318,045	(553,173)	(172,353)
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash was provided from (applied to)					
Proceeds from sale of plant & equipment		-	-	-	-
Purchase of plant & equipment		(31,475)	(64,036)	-	-
Net cash flows from investing activities		(31,475)	(64,036)	-	-
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash was provided from (applied to)					
Dividend (paid)		(273,646)	(492,082)	(273,646)	(492,082)
Loans received/(repaid)		(130,948)	(77,323)	562,009	677,575
Net cash flow from financing activities		(404,594)	(569,405)	288,363	185,493
Net increase/(decrease) in cash held		229,865	(315,396)	(264,810)	13,140
Cash at beginning of year		214,080	555,905	15,591	2,451
Effect of exchange rate change on foreign currency balance	13	15,121	(26,429)	-	-
Cash at end of year		459,066	214,080	(249,219)	15,591
Comprising:					
Cash at bank - New Zealand		(111,509)	86,529	(249,523)	15,287
- Australia		570,575	127,551	304	304
		459,066	214,080	(249,219)	15,591

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

Mowbray Collectables Limited

Statement of Accounting Policies

for the year ended 31 March 2008

Statement of Compliance

The Financial Statements have been prepared in accordance with the Companies Act 1993 and the Financial Reporting Act 1993 and Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'). They comply with the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable reporting standards as appropriate for profit-oriented entities.

Compliance with NZ IFRS ensures the consolidated financial statements comply with International Financial Reporting Standards ('IFRS'). The parent entity financial statements also comply with IFRS.

The following NZ IFRS Standards have been issued but have not been adopted in these financial statements: IFRS 8 - Operating Segments, IAS 1 - Presentation of Financial Statements (revised 2007) and IAS 23 - Borrowing Costs (revised 2007). These standards are mandatory for periods beginning on or after 1 January 2009 and will be adopted for the year ending 31 March 2010. The changes upon adoption of these standards are expected to be minimal and will primarily affect presentation.

Reporting Entity & Period

For the results for the year ended 31 March 2008 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
- Mowbrays Australia Pty Limited (previously Stanley Gibbons Australia)
- Wildlife Philatelic Collections Pty Limited

Basis of 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.

Adoption of NZ IFRS 1 First time adoption of New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS')

The consolidated entity changed its accounting policies on 1 April 2007 to comply with NZ IFRS. The transition to NZ IFRS is accounted for in accordance with NZ IFRS-1 *First Time Adoption of New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS')*, with 1 April 2006 as the date of transition.

NZ IFRS 1 requires an entity to use the same accounting policies in its opening NZ IFRS balance sheet and throughout all the periods presented in its first NZ IFRS financial statements. The Group has adjusted amounts reported in financial statements prepared in accordance with its old basis of accounting (previous NZ GAAP). Reconciliations and descriptions of the effect of transition from previous NZ GAAP to NZ IFRS on the Group's equity and its net income are given on note 28.

Critical Judgements in applying the entity's accounting policies

In the application of NZ IFRS Mowbray Collectables Limited is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to the accounting estimates are recognised in the period in which the estimate is revised if the revision affects that period. If the revision affects current and future periods, it is reflected in those periods.

Key Sources of Estimation Uncertainty

Any judgements made by Mowbray Collectables Limited in application of NZ IFRS that are considered to have significant effects on the financial statements and estimates with a significant risk of material adjustment in the year are disclosed, when applicable, in the relevant notes to the financial statements.

Mowbray Collectables Limited**Statement of Accounting Policies**

for the year ended 31 March 2008

Specific Accounting Policies

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

(a) Comparative Amounts

Comparative information has been reclassified, where necessary, to achieve consistency in disclosure with the current year.

(b) Translation of Financial Statements of Foreign Operations

The consolidated financial statements are presented in New Zealand dollars, which is the company's functional and presentation currency.

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.

(c) Consolidation of Subsidiaries

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being Mowbray Collectables (the Company) and its subsidiaries as defined in NZ IAS-27: *Consolidated and Separate Financial Statements*. A list of subsidiaries is above. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair values of the identifiable net assets acquired exceeds the cost of acquisition, the deficiency is credited to profit and loss in the period of acquisition.

The consolidated financial statements include the information and results of each subsidiary from the date on which the company obtains control and until such time as the company ceases to control such subsidiary.

In preparing the consolidated financial statements, all inter-company balances and transactions, and unrealised profits arising within the Group are eliminated in full.

(d) Revenue Recognition*Sale of Goods*

Income from the sale of goods is recognised when the company and group has transferred to the buyer the significant risk and rewards of ownership of the goods.

Dividend Revenue

Dividend revenue from investments is recognised when the shareholders' rights to receive the payments have been established.

Interest Revenue

Interest revenue is recognised in the income statement when it is received and accrued

Commission Revenue

Commission Income is recorded at the completion of an auction when Mowbray Collectables has completed the transaction and the buyer and seller confirmed in accordance with the terms and conditions of the auction.

Mowbray Collectables Limited**Statement of Accounting Policies**

for the year ended 31 March 2008

(e) 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.

Depreciation is calculated on a diminishing value basis so as to write off the net cost or other re-valued amount of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

(f) Taxation*Current Tax*

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred Tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, and associates except where the consolidated entity is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Mowbray Collectables Limited**Statement of Accounting Policies**

for the year ended 31 March 2008

(f) Taxation (cont.)*Current and deferred tax for the period*

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

(g) 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.

(h) 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 Balance Sheet. Foreign Currency monetary items at reporting date are translated at the exchange rate existing at reporting date.

(i) Financial Instruments

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 Balance Sheet and all revenue and expenses in relation to the financial instruments are recognised in the income statement. The financial instruments are recorded at net cost less any provisions for doubtful debts.

(j) Receivables

Accounts receivable are recognised initially at fair value less provision for doubtful debt.

(k) Inventory

Inventory is valued at the lower of cost or 30% of the estimated realisable value. Cost is the acquisition cost for each item of inventory purchased.

(l) Property, Plant & Equipment

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

Property, Plant and equipment, leasehold improvements and equipments under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributed to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Mowbray Collectables Limited**Statement of Accounting Policies**

for the year ended 31 March 2008

(m) Intangible Assets

Intangible assets comprise software applications which have a finite useful life and are recorded at cost less accumulated amortisation and impairment. The following rate has been applied consistently over the life of the asset.

Software	48%
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(n) Goodwill

Goodwill, representing the excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired, is recognised as an asset and not amortised, but tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

(o) Impairment of Assets

At each reporting date, the consolidated entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. Any impairment of goodwill is not subsequently reversed.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses other than for goodwill, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the income statement immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(p) 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.

(q) Payables

Trade payables and other accounts payable are recognised when the company and group becomes obliged to make future payments resulting from the purchase of goods and services.

Mowbray Collectables Limited**Statement of Accounting Policies**

for the year ended 31 March 2008

(r) Employee Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the company and group in respect of services provided by employees up to reporting date.

(s) Loans

Loans are recorded initially at fair value, net of transaction costs.

Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the income statement over the period of the borrowing using the effective interest rate method.

(t) Leased Assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Company as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(u) Statement of Cash Flows

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

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.

Mowbray Collectables Limited**Notes to the Financial Statements**

for the year ended 31 March 2008

	CONSOLIDATED		PARENT	
	Year Ended 31 March 2008 \$	Year Ended 31 March 2007 \$	Year Ended 31 March 2008 \$	Year Ended 31 March 2007 \$
1. Total Revenue				
Turnover	2,621,772	2,562,772	-	-
Auction commission	2,034,023	1,837,554	-	-
Management fees from subsidiaries	-	-	95,313	87,134
Dividend received	-	-	96,000	300,000
Sundry revenue	75,991	64,327	-	(101)
Operating revenue	4,731,786	4,464,653	191,313	387,033
Interest income	22,963	22,179	159,300	145,837
	<u>4,754,749</u>	<u>4,486,832</u>	<u>350,613</u>	<u>532,870</u>
2. Surplus before Income Tax				
Included in the surplus before income tax are the following				
<i>Expenses</i>				
Audit fees	62,620	47,254	62,620	47,254
Bad debts	23,926	5,921	-	-
Directors' fees	35,672	30,025	35,672	30,025
Legal fees	5,041	10,240	2,862	3,450
Operating lease rental expenses	261,172	270,198	-	-
Cost of goods sold	848,619	825,769	-	-
Donations made	229	284	-	-
3. Income Taxes				
(a) <i>Income tax recognised in profit or loss</i>				
Tax expense/(income) comprises				
Current tax expense	111,133	88,553	-	-
Deferred tax (income) relating to the origination and reversal of temporary differences	880	9,380	(1,271)	(3,225)
Total tax expense	<u>112,013</u>	<u>97,933</u>	<u>(1,271)</u>	<u>(3,225)</u>
Profit / (Loss) from continuing operations	321,871	297,168	(210,890)	121,888
Income tax calculated at 33%	106,218	98,065	(69,593)	40,223
Adjustment for difference in tax rate	(3,142)	(1,900)	-	-
Foreign Exchange Movement	2,836	1,713	-	-
Non-assessable income	-	-	(31,680)	(99,000)
Non-deductible expenses	3,996	55	620	(1,978)
Group loss offsets	-	-	97,515	57,530
Adjustment for change in tax rate	2,105	-	1,867	-
Total tax expense	<u>112,013</u>	<u>97,933</u>	<u>(1,271)</u>	<u>(3,225)</u>

The tax rate used in the above reconciliation is the corporate tax rate of 33% payable by New Zealand corporate entities on taxable profits under New Zealand tax law. The corporate tax rate is changing to 30% from the 2009 income tax year.

Mowbray Collectables Limited**Notes to the Financial Statements**
for the year ended 31 March 2008*(b) Current tax assets and liabilities*

	CONSOLIDATED		PARENT	
	Year Ended 31 March 2008	Year Ended 31 March 2007	Year Ended 31 March 2008	Year Ended 31 March 2007
	\$	\$	\$	\$
Current tax liability / (assets):				
Tax refund payable / (receivable)	23,155	(4)	(40,961)	(9,389)
<i>(c) Deferred tax balances</i>				
Deferred tax asset comprise:				
Temporary differences	51,132	52,012	18,664	17,393

Taxable and deductible temporary differences arise from the following:

	CONSOLIDATED 2008			
	Opening balance	Charged to income	Exchange differences	Closing balance
Gross deferred tax assets:				
Employee entitlements	165,927	2,449	2,063	170,439
Property, plant and equipment	1,429	10,089	(11,518)	-
	167,356	12,538	(9,455)	170,439
	CONSOLIDATED 2007			
	Opening balance	Charged to income	Exchange differences	Closing balance
Employee entitlements	209,409	(42,235)	(1,247)	165,927
Property, plant and equipment	(10,123)	11,723	(171)	1,429
	199,286	(30,512)	(1,418)	167,356
	PARENT 2008			
	Opening balance	Charged to income	Exchange differences	Closing balance
Gross deferred tax assets:				
Employee entitlements	52,707	9,507	-	62,214
	PARENT 2007			
	Opening balance	Charged to income	Exchange differences	Closing balance
Gross deferred tax assets:				
Employee entitlements	42,935	9,772	-	52,707

Mowbray Collectables Limited**Notes to the Financial Statements**

for the year ended 31 March 2008

(d) Imputation credit account balances

	CONSOLIDATED		PARENT	
	Year Ended 31 March 2008	Year Ended 31 March 2007	Year Ended 31 March 2008	Year Ended 31 March 2007
	\$	\$	\$	\$
Balance at beginning of the year	106,663	187,090	69,582	33,139
Imputation credits attached to dividends received	-	121,493	47,283	269,254
Other credits	6,271	9,452	6,228	9,389
Imputation credits attached to dividends paid	(133,670)	(240,604)	(133,670)	(240,604)
Taxation paid	76,003	30,828	25,335	-
Taxation refunded		(1,596)		(1,596)
Balance at end of the year	55,267	106,663	14,758	69,582
4. Remuneration of Auditors				
Auditor of the parent entity				
Audit of the financial statements	62,620	47,254	62,620	47,254
Other non-audit services	-	-	-	-
	62,620	47,254	62,620	47,254

The auditor of Mowbray Collectables is Martin Jarvie PKF

5. Related Parties*(a) Parent Entities*

The Parent entity in the consolidated group is Mowbray Collectables Limited.

*(b) Equity interests in related parties*Equity interests in subsidiaries

Details of the percentage of ordinary shares held in the subsidiaries are disclosed in note 20 to the financial statements.

Equity interests in associates

Details of interests in associates are disclosed in note 6 to the financial statements.

(c) Transactions

All transactions between companies within the group were conducted on an arm's length basis.

Parent company income received from its subsidiaries totalled \$95,312 (2007: \$87,134) and comprised of management fees charged to Bonhams and Goodman (\$47,761), Wildlife Philatelic Collections Pty Limited (\$32,226), and Mowbrays Australia Pty Limited (\$15,302). Interest was charged between Mowbray Collectables Limited and Auction Investments Limited \$153,030 (2007: \$139,248). A fully imputed dividend was paid from Mowbray Bethunes Limited to Mowbray Collectables Limited of \$143,284 (2007: \$447,761). There were no purchases from subsidiaries.

During the year J. R. Mowbray Philatelist purchased stock from House of Stamps (\$3,988) and made sales to World Wide Fund for Nature (\$2,400) and Wildlife Philatelic Collection Pty Ltd (15,103).

There are instances when directors and companies within the group buy items from auctions held by group companies. In all instances these transactions are conducted on an arms length basis and commission is paid in accordance with the terms and conditions of the auction. The commission amounts involved are not significant.

Mowbray Collectables Limited**Notes to the Financial Statements**

for the year ended 31 March 2008

5. Related Parties cont.

Andrew Pitt, a director of Wildlife Philatelic Collections Pty Limited, provides management services of \$13,855 (2007: \$33,540), and fulfilment services of \$85,610 (2007: \$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 of \$22,230 (2007: \$18,308) to Barlow International Pty Limited.

Outstanding balances

Amounts outstanding between the company and related parties are:

	CONSOLIDATED		PARENT	
	Year Ended 31 March 2008	Year Ended 31 March 2007	Year Ended 31 March 2008	Year Ended 31 March 2007
	\$	\$	\$	\$
Mowbray Bethunes Limited	-	-	(994,893)	(774,323)
World Wide Fund for Nature Stamp Program	-	-	(86,321)	(73,681)
Mowbrays Australia Pty Limited	-	-	(274,974)	(284,893)
Wildlife Philatelic Collections Pty Limited	-	-	(567,947)	(410,797)
Auction Investments Limited	-	-	1,699,180	1,546,150
First East Auction Holdings Pty Limited	49,723	39,144	49,723	39,144
Agencies	42,404	31,238	(21,061)	(20,227)
	<u>92,127</u>	<u>70,382</u>	<u>(196,293)</u>	<u>21,373</u>

- The related party receivables/payables in the Parent Balance Sheet have no fixed terms of settlement. They are repayable/receivable on demand.
- The related party receivables in the Consolidated Balance Sheet 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 by or leased from entities associated with John Mowbray. Rent was set by an independent valuer. Leases were signed by the directors on 18 December 2000.

	CONSOLIDATED		PARENT	
	Year Ended 31 March 2008	Year Ended 31 March 2007	Year Ended 31 March 2008	Year Ended 31 March 2007
	\$	\$	\$	\$
Rent paid was	<u>59,192</u>	<u>59,192</u>	<u>-</u>	<u>-</u>

Mowbray Collectables Limited**Notes to the Financial Statements**

for the year ended 31 March 2008

6. Investments in Associates

Name of Company	Principal Activities	CONSOLIDATED Ownership and Voting Interest		CONSOLIDATED Carrying Amount	
		2008	2007	2008	2007
		%	%	\$	\$
Peter Webb Galleries Ltd	NZ auctioneer	49	49	1,313,455	1,312,132
First East Auction Holdings Pty Ltd	Australian auctioneer	20	20	882,650	859,625
				<u>2,196,105</u>	<u>2,171,757</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 consolidated financial statements. Peter Webb Galleries Ltd is incorporated in New Zealand.

The reporting date of First East Auction Holdings Pty Ltd is 31 December. First East Auction Holdings Pty Ltd is incorporated in Australia and trades as Bonhams & Goodman and the group's share of the results of operations for the year ended 31 March have been included in the consolidated financial statements.

Carrying amount of Investment in Associates

	CONSOLIDATED		PARENT	
	Year Ended 31 March 2008	Year Ended 31 March 2007	Year Ended 31 March 2008	Year Ended 31 March 2007
	\$	\$	\$	\$
Carrying amount at beginning of year	2,171,757	2,235,564	1,312,132	1,353,725
Share of net surplus	24,348	182,859	1,323	205,073
Dividends received	-	(246,666)	-	(246,666)
Carrying amount at end of year	<u>2,196,105</u>	<u>2,171,757</u>	<u>1,313,455</u>	<u>1,312,132</u>
Goodwill in the carrying amount in associates	<u>1,976,091</u>	<u>1,976,091</u>	<u>894,227</u>	<u>894,227</u>

7. Summarised financial information of associates:

Current assets	2,218,222	1,084,084	1,848,014	875,592
Non-current assets	<u>2,193,056</u>	<u>1,943,470</u>	<u>386,080</u>	<u>471,583</u>
Current liabilities	3,158,410	1,730,570	1,352,032	425,410
Non-current liabilities	<u>225,244</u>	<u>427,831</u>	<u>26,838</u>	<u>69,241</u>
Net assets	<u>1,027,624</u>	<u>869,153</u>	<u>855,224</u>	<u>852,524</u>
Revenue	<u>11,885,813</u>	<u>8,981,967</u>	<u>3,116,676</u>	<u>3,581,521</u>
Net Profit	<u>117,827</u>	<u>307,446</u>	<u>2,700</u>	<u>418,518</u>

Mowbray Collectables Limited

Notes to the Financial Statements for the year ended 31 March 2008

8. Property, Plant & Equipment

	CONSOLIDATED				Total
	Leasehold improvement	Office furniture and equipment	Plant and equipment	Computer equipment	
	\$	\$	\$	\$	
Gross carrying amount					
Balance at 1 April 2006	18,617	136,904	151,596	31,869	338,986
Additions	<u>29,592</u>	<u>11,956</u>	<u>15,084</u>	<u>3,158</u>	<u>59,790</u>
Balance at 31 March 2007	48,209	148,860	166,680	35,027	398,776
Additions	<u>15,591</u>	<u>4,287</u>	<u>14,521</u>	-	<u>34,399</u>
Balance at 31 March 2008	63,800	153,147	181,201	35,027	433,175
Accumulated depreciation/ amortisation and impairment					
Balance at 1 April 2006	12,417	102,718	120,501	23,880	259,516
Depreciation expense	4,382	5,805	11,494	5,931	27,612
Foreign currency exchange difference	-	(2,330)	(1,916)	-	(4,246)
Balance at 31 March 2007	16,799	106,193	130,079	29,811	282,882
Depreciation expense	12,453	5,723	12,018	2,913	33,107
Foreign currency exchange difference	-	1,718	1,208	-	2,926
Balance at 31 March 2008	29,252	113,634	143,305	32,724	318,915
Net book value					
As at 31 March 2007	<u>31,410</u>	<u>42,667</u>	<u>36,601</u>	<u>5,216</u>	<u>115,894</u>
As at 31 March 2008	<u>34,548</u>	<u>39,513</u>	<u>37,896</u>	<u>2,303</u>	<u>114,260</u>
			PARENT		
	Leasehold improvement	Office furniture and equipment	Plant and equipment	Computer equipment	Total
	\$	\$	\$	\$	\$
Gross carrying amount					
Balance at 1 April 2006	-	-	-	5,533	5,533
Additions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 31 March 2007	-	-	-	5,533	5,533
Additions	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at 31 March 2008	-	-	-	5,533	5,533
Accumulated depreciation/ amortisation and impairment					
Balance at 1 April 2006	-	-	-	5,037	5,037
Depreciation expense	-	-	-	222	222
Balance at 31 March 2007	-	-	-	5,259	5,259
Depreciation expense	-	-	-	123	123
Balance at 31 March 2008	-	-	-	5,382	5,382
Net book value					
As at 31 March 2007	<u>-</u>	<u>-</u>	<u>-</u>	<u>274</u>	<u>274</u>
As at 31 March 2008	<u>-</u>	<u>-</u>	<u>-</u>	<u>151</u>	<u>151</u>

Mowbray Collectables Limited**Notes to the Financial Statements**

for the year ended 31 March 2008

	CONSOLIDATED		PARENT	
	Year Ended 31 March 2008 \$	Year Ended 31 March 2007 \$	Year Ended 31 March 2008 \$	Year Ended 31 March 2007 \$
9.				
Goodwill				
Gross carrying amount				
Balance at beginning of year	696,472	696,472	-	-
Other	-	-	-	-
Balance at end of year	696,472	696,472	-	-
Accumulated impairment losses				
Balance at beginning of year	-	-	-	-
Impairment losses for the year	-	-	-	-
Balance at end of year	-	-	-	-
Net book value				
At the beginning of the year	696,472	696,472	-	-
At the end of the year	696,472	696,472	-	-

Allocation of goodwill to cash-generating units

Goodwill has been allocated for impairment testing purposes to 5 individual cash generating units as follows:

Individual cash-generating units:

- J R Mowbray Philatelist
- John Mowbray International
- House of Stamps
- Wildlife Philatelic Collections Pty Ltd
- World Wide Fund for Nature

The carrying amount of goodwill allocated to cash-generating units that are significant individually or in aggregate is as follows:

	CONSOLIDATED	
	Year Ended 31 March 2008 \$	Year Ended 31 March 2007 \$
J R Mowbray Philatelist	240,393	240,393
John Mowbray International	61,429	61,429
House of Stamps	63,550	63,550
Wildlife Philatelic Collections Pty Ltd	314,070	314,070
World Wide Fund for Nature	17,030	17,030
	696,472	696,472

Mowbray Collectables Limited**Notes to the Financial Statements**

for the year ended 31 March 2008

9. Goodwill (cont'd)**Description of cash generating unit***J R Mowbray Philatelist*

This division is the main income generating unit of the New Zealand divisions and has demonstrated consistent and significant profits since the company was floated in 2000. The sales trends over the past three years have been at approximately 7% per annum and the sales mix of both international and New Zealand market has been maintained. The influence of international currency fluctuations has been insignificant. The recoverable amount has been determined based on the value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a four year period and discount rate of 13%.

John Mowbray International

This division is linked in its performance with the operations of J R Mowbray Philatelist. The sales trends have been consistently good over a number of years and this has continued in 2007. The division does not purchase inventory and requires very little in the way of tangible fixed assets to operate. The recoverable amount has been determined based on the value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a four year period and discount rate of 13%.

House of Stamps

This division is also linked in its performance with J R Mowbray Philatelist, but with a different range of products and services. The staff also have to participate in the international auction activities. We have allocated an additional 0.5% to the WACC to allow for size factors. The recoverable amount has been determined based on the value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a four year period and discount rate of 13.5%.

Wildlife Philatelic Collections Pty Ltd

This is a standalone business operation based in Australia which has developed and maintained a consistent earnings record over a number of years. Although it is a single product operation it does have sole rights to the sale and distribution of WWF stamps within Australia. Recent marketing initiatives utilising selected television media have resulted in additional sales and hopefully long term repeat customers. The recoverable amount has been determined based on the value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a four year period and discount rate of 13.5%.

World Wide Fund for Nature

The WWF stamp operation in New Zealand is significantly smaller than Australia. In recent years there have been no significant marketing initiatives. It is planned to introduce some of the marketing ideas used in Australia to stimulate sales activity within the New Zealand market. Although the division is self sufficient in product inventory, it does have the flexibility and strength in the alliance with WPC Australia. The recoverable amount has been determined based on the value in use calculation which uses cash flow projections based on financial budgets approved by the directors covering a four year period and discount rate of 15%.

Mowbray Collectables Limited**Notes to the Financial Statements**

for the year ended 31 March 2008

10. Intangible Assets*Software*

	CONSOLIDATED	PARENT
	\$	\$
Gross carrying amount		
Balance at 1 April 2006	29,476	-
Balance at 31 March 2007	<u>29,476</u>	<u>-</u>
Balance at 31 March 2008	<u>29,476</u>	<u>-</u>
Accumulated amortisation and impairment		
Balance at 1 April 2006	27,924	-
Amortisation	<u>745</u>	<u>-</u>
Balance at 31 March 2007	28,669	-
Amortisation	<u>387</u>	<u>-</u>
Balance at 31 March 2008	29,056	-
Net book value		
As at 31 March 2007	<u>807</u>	<u>-</u>
As at 31 March 2008	<u>420</u>	<u>-</u>

	CONSOLIDATED		PARENT	
	Year Ended	Year Ended	Year Ended	Year Ended
	31 March	31 March	31 March	31 March
	2008	2007	2008	2007
	\$	\$	\$	\$
11. Other Payables and Accruals				
Other payables and accruals	157,334	95,547	88,490	65,609
Employee entitlements	<u>166,662</u>	<u>164,831</u>	<u>62,214</u>	<u>52,707</u>
Total other payables and accruals	<u>323,996</u>	<u>260,378</u>	<u>150,704</u>	<u>118,316</u>

	CONSOLIDATED & PARENT			
	Year Ended		Year Ended	
	31 March 2008		31 March 2007	
	Number	\$	Number	\$
12. Share Capital				
Company and Group				
Ordinary Shares – fully paid				
Balance at beginning of year	10,855,523	5,582,099	9,868,714	5,582,099
Bonus issue of shares	-	-	<u>986,809</u>	<u>-</u>
Share capital at end of year	<u>10,855,523</u>	<u>5,582,099</u>	<u>10,855,523</u>	<u>5,582,099</u>

Mowbray Collectables Limited**Notes to the Financial Statements**

for the year ended 31 March 2008

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.

	CONSOLIDATED		PARENT	
	Year Ended 31 March 2008	Year Ended 31 March 2007	Year Ended 31 March 2008	Year Ended 31 March 2007
	\$	\$	\$	\$
13. Foreign Currency Translation Reserve				
Balance at beginning of year	(54,025)	(27,596)	-	-
Arising on translation of independent foreign operations	15,121	(26,429)	-	-
Balance at end of year	<u>(38,904)</u>	<u>(54,025)</u>	<u>-</u>	<u>-</u>
14. Accumulated Surplus/(Deficit)				
Balance at beginning of year	(1,165,084)	(1,055,096)	(1,578,106)	(1,416,210)
Dividend paid to shareholders	(273,646)	(492,082)	(273,646)	(492,082)
Surplus/(deficit) for period after taxation	234,206	382,094	(208,296)	330,186
Accumulated surplus/(deficit) at end of year	<u>(1,204,524)</u>	<u>(1,165,084)</u>	<u>(2,060,048)</u>	<u>(1,578,106)</u>
15. Inventory				
Auction inventory	1,672,132	1,508,595	-	-
WWF Chapters on hand	181,631	173,787	-	-
Inventory in transit	-	19,488	-	-
Other	-	98,267	-	-
Total Inventory	<u>1,853,763</u>	<u>1,800,137</u>	<u>-</u>	<u>-</u>
	CONSOLIDATED			
	Year Ended 31 March 2008	Year Ended 31 March 2007		
	\$	\$		
16. Earnings per Share				
The earnings and weighted average number of ordinary shares are as follows:				
Earnings	234,206	382,094		
Weighted average number of ordinary shares for the purpose of basic earnings per share	10,855,523	10,855,523		
Distributions to shareholders	273,646	492,082		
Amount per share (cents)	0.03	0.05		

Mowbray Collectables Limited**Notes to the Financial Statements**

for the year ended 31 March 2008

	CONSOLIDATED	
	Year Ended 31 March 2008	Year Ended 31 March 2007
	\$	\$
17. Loans		
Loan from National Bank	311,193	418,164
Repayable as follows:		
Current	117,613	139,811
Non current	<u>193,580</u>	<u>278,353</u>
Total	<u>311,193</u>	<u>418,164</u>
<p>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.</p>		
18. Hire Purchase		
Focus Capital Ltd – secured by phone system, interest at 14%, repayable quarterly \$1,160.66, due 09/07	-	2,321
Less future finance charges	<u>-</u>	<u>(88)</u>
	<u>-</u>	<u>2,233</u>
<i>Repayable as follows:</i>		
Not later than one year	<u>-</u>	<u>2,233</u>
Total	<u>-</u>	<u>2,233</u>
19. Operating Lease Commitments		
Commitments in respect of non-cancellable operating leases:		
Not later than one year	170,613	203,176
Later than one year and not later than two years	121,191	168,550
Later than two years and not later than five years	<u>128,686</u>	<u>248,619</u>
	<u>420,490</u>	<u>620,345</u>

Mowbray Collectables Limited

Notes to the Financial Statements for the year ended 31 March 2008

20. Investment in Subsidiaries

Subsidiaries owned at 31 March 2008	% Holding at Balance Date		Principal Activities	Balance Date	Country of Incorporation
	2008	2007			
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
Mowbrays Australia Pty Ltd	100%	100%	International stamp auctioneer	31 March	Australia
Auction Investments Ltd	100%	100%	Holding company	31 March	New Zealand

21. Net Cash Flow from Operating Activities

Reconciliation of Income Statement Surplus with net cash flow from operating activities:

	CONSOLIDATED		PARENT	
	Year Ended 31 March 2008	Year Ended 31 March 2007	Year Ended 31 March 2008	Year Ended 31 March 2007
	\$	\$	\$	\$
Reported surplus after taxation	234,206	382,094	(208,296)	330,186
Non cash items:				
Depreciation	33,107	27,612	123	222
Amortisation	387	745	-	-
Deferred tax asset	880	9,380	(1,271)	(3,225)
Management Fees	-	-	(95,313)	(87,134)
Interest	-	-	(153,030)	(139,248)
Dividend received	-	-	(96,000)	(300,000)
Associated share of net surplus	(24,348)	63,807	(1,323)	41,594
	10,026	101,544	(346,814)	(487,791)
Movements in working capital excluding				
Movements relating to purchase of subsidiaries				
(Increase)/decrease in inventories	(53,626)	(232,282)	-	-
(Increase)/decrease in receivables	(277,434)	260,545	(3,343)	312
Increase/(decrease) in payables	665,991	(97,704)	232	9,533
Increase/(decrease) in other payables & accruals	63,617	(50,649)	36,620	(16,800)
Increase/(decrease) in tax payable	23,154	(45,503)	(31,572)	(7,793)
	421,702	(165,593)	1937	(14,748)
Net cash inflow/(outflow)	665,934	318,045	(553,173)	(172,353)

Mowbray Collectables Limited**Notes to the Financial Statements**

for the year ended 31 March 2008

22. Segmental Information

	Total		New Zealand		Australia	
	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended	Year Ended
	31 March	31 March	31 March	31 March	31 March	31 March
	2008	2007	2008	2007	2008	2007
	\$	\$	\$	\$	\$	\$
Revenue from external customers	4,731,786	4,464,653	2,161,038	1,974,653	2,570,748	2,490,000
Interest income	22,963	22,179	6,375	287	16,588	21,892
Interest expense	60,376	44,276	60,376	44,276	-	-
Surplus before income tax	346,219	480,027	241,463	416,710	104,756	63,317
Taxation	112,013	97,933	75,102	77,062	36,911	20,871
Surplus after taxation	<u>234,206</u>	<u>382,094</u>	<u>166,361</u>	<u>339,648</u>	<u>67,845</u>	<u>42,446</u>
Total Liabilities	<u>2,246,045</u>	<u>1,602,484</u>	<u>1,013,222</u>	<u>958,537</u>	<u>1,232,823</u>	<u>643,947</u>
Total Assets	<u>6,584,716</u>	<u>5,965,474</u>	<u>5,050,389</u>	<u>4,867,980</u>	<u>1,534,327</u>	<u>1,097,494</u>
Depreciation & amortisation	33,494	28,357	22,801	17,857	10,693	10,500
Other non-cash expenses	880	9,380	(1,197)	(2,204)	2,077	11,584
Acquisition of segment assets	34,399	59,790	19,501	43,965	14,898	15,825
Carrying value of investments accounted for using the equity method	2,196,105	2,171,757	1,313,455	1,312,132	882,650	859,625
Share of net profit/ (loss) of associates accounted for under the equity method	24,348	182,859	1,323	205,073	23,025	(22,214)

The group operates in wholesaling and auctioneering which the directors consider to be one business industry segment, therefore only geographical segments are reported above.

The group has applied NZ IAS 14 when preparing the segmental information.

Mowbray Collectables Limited**Notes to the Financial Statements**

for the year ended 31 March 2008

23. 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 Balance Sheet.

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 \$303,511 (2007: \$453,768)

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 is exposed to little credit risk. Stock is only released on receipt of cleared funds. The Group's turnover was \$4,655,795 and there were \$23,926 of bad debts (0.51%). The Group's credit policies are regarded as conservative and fiscally prudent.

24. Subsequent Events

On the 29th of May 2008 Bonhams & Goodman, an associate member of Mowbray Collectables Limited, announced its purchase of 100% of the Assets and Goodwill in Leonard Joel, a Melbourne based fine art auctioneer.

There was no direct financial effect to Mowbray Collectables Limited as the funding was arranged by Bonhams & Goodman. No costs were incurred by Mowbray Collectables Limited.

25. Commitments for Expenditure

There were no commitments for expenditure as at 31 March 2008 (2007: \$Nil)

26. Contingent Liabilities and Assets

There were no contingent liabilities or contingent assets at 31 March 2008 (2007: \$Nil)

Mowbray Collectables Limited**Notes to the Financial Statements**

for the year ended 31 March 2008

27. Impact of the adoption of New Zealand Equivalents to International Financial Reporting Standards

- (1) Reconciliation of equity reported under previous New Zealand Generally Accepted Accounting Principles (NZ GAAP) to equity under New Zealand equivalents to International Financial Reporting Standards (NZ IFRS)

(a) At the date of transition (1 April 2006)

	Notes	CONSOLIDATED			PARENT		
		Previous NZ GAAP	Effect of transition to NZ IFRS	NZ IFRS	Previous NZ GAAP	Effect of transition to NZ IFRS	NZ IFRS
		\$	\$	\$	\$	\$	\$
EQUITY							
Share capital		5,582,099		5,582,099	5,582,099		5,582,099
Accumulated deficit		(1,055,096)		(1,055,096)	(1,416,210)		(1,416,210)
Foreign currency translation reserve		(27,596)		(27,596)	-		-
Total Equity		<u>4,499,407</u>		<u>4,499,407</u>	<u>4,165,889</u>		<u>4,165,889</u>
Represented by:							
CURRENT ASSETS							
Bank accounts & deposits		555,905		555,905	2,451		2,451
Receivables & prepayments		1,104,474		1,104,474	2,750		2,750
Taxation refundable		(45,499)		(45,499)	1,596		1,596
Other current assets		75,000		75,000	75,000		75,000
Inventory		<u>1,567,857</u>		<u>1,567,857</u>	-		-
Total Current Assets		<u>3,257,737</u>		<u>3,257,737</u>	<u>81,797</u>		<u>81,797</u>
CURRENT LIABILITIES							
Trade creditors		1,019,416		1,019,416	13,835		13,835
Other payables & accruals		311,027		311,027	130,884		130,884
Current portion of Loan		139,811		139,811	-		-
Current portion of hire purchase		<u>4,136</u>		<u>4,136</u>	-		-
Total Current Liabilities		<u>1,474,390</u>		<u>1,474,390</u>	<u>144,719</u>		<u>144,719</u>
WORKING CAPITAL		<u>1,783,347</u>		<u>1,783,347</u>	<u>(62,922)</u>		<u>(62,922)</u>
NON-CURRENT ASSETS							
Deferred tax		61,392		61,392	14,168		14,168
Plant & equipment	(4)(a)	81,022	(1,552)	79,470	496		496
Goodwill		696,472		696,472	-		-
Intangible assets	(4)(a)	-	1,552	1,552	-		-
Investment in associates		2,235,565		2,235,565	1,353,726		1,353,726
Investments in subsidiary		-		-	2,762,857		2,762,857
Related party receivables		<u>20,454</u>		<u>20,454</u>	<u>97,564</u>		<u>97,564</u>
Total Non-Current Assets		<u>3,094,905</u>		<u>3,094,905</u>	<u>4,228,811</u>		<u>4,228,811</u>
NON-CURRENT LIABILITIES							
Non-current portion of loan		376,611		376,611	-		-
Non-current portion of hire purchase		<u>2,234</u>		<u>2,234</u>	-		-
Total Non-Current Liabilities		<u>378,845</u>		<u>378,845</u>	-		-
NET ASSETS		<u>4,499,407</u>		<u>4,499,407</u>	<u>4,165,889</u>		<u>4,165,889</u>

Mowbray Collectables Limited**Notes to the Financial Statements**

for the year ended 31 March 2008

27. Impact of the adoption of New Zealand Equivalents to International Financial Reporting Standards (cont'd)

(b) At the end of the last reporting period (31 March 2007)

	Notes	CONSOLIDATED			PARENT		
		Previous NZ GAAP \$	Effect of transition to NZ IFRS \$	NZ IRS \$	Previous NZ GAAP \$	Effect of transition to NZ IFRS \$	NZ IRS \$
EQUITY							
Share capital		5,582,099		5,582,099	5,582,099		5,582,099
Accumulated deficit	(4)(c)	(1,733,969)	568,885	(1,165,084)	(1,697,775)	119,669	(1,578,106)
Foreign currency translation reserve		(54,025)		(54,025)	-		-
Total Equity		<u>3,794,105</u>	<u>568,885</u>	<u>4,362,990</u>	<u>3,884,324</u>	<u>119,669</u>	<u>4,003,993</u>
Represented by:							
CURRENT ASSETS							
Bank accounts & deposits		214,080		214,080	15,591		15,591
Receivables & prepayments		843,933		843,933	6,669		6,669
Taxation refundable		4		4	9,389		9,389
Inventory		<u>1,800,137</u>		<u>1,800,137</u>	-		-
Total Current Assets		<u>2,858,154</u>		<u>2,858,154</u>	<u>31,649</u>		<u>31,649</u>
CURRENT LIABILITIES							
Trade creditors		809,213		809,213	23,369		23,369
Other payables & accruals		260,378		260,378	118,316		118,316
Current portion of Loan		139,811		139,811	-		-
Current portion of hire purchase		<u>2,233</u>		<u>2,233</u>	-		-
Total Current Liabilities		<u>1,211,635</u>		<u>1,211,635</u>	<u>141,685</u>		<u>141,685</u>
WORKING CAPITAL		<u>1,646,519</u>		<u>1,646,519</u>	<u>(110,036)</u>		<u>(110,036)</u>
NON-CURRENT ASSETS							
Deferred tax		52,012		52,012	17,393		17,393
Plant & equipment	(4)(a)	116,701	(807)	115,894	274		274
Intangible Assets	(4)(a)	-	807	807	-		-
Goodwill	(4)(b)	535,753	160,719	696,472	-		-
Investment in associates	(4)(b)	1,763,591	408,166	2,171,757	1,192,463	119,669	1,312,132
Investments in Subsidiaries		-		-	2,762,857		2,762,857
Related party receivables		<u>70,382</u>		<u>70,382</u>	<u>21,373</u>		<u>21,373</u>
Total Non-Current Assets		<u>2,538,439</u>	<u>568,885</u>	<u>3,107,324</u>	<u>3,994,360</u>	<u>119,669</u>	<u>4,114,029</u>
NON-CURRENT LIABILITIES							
Non-current creditors		112,500		112,500	-		-
Non-current portion of loan		278,353		278,353	-		-
Total Non-Current Liabilities		<u>390,853</u>		<u>390,853</u>	-		-
NET ASSETS		<u>3,794,105</u>	<u>568,885</u>	<u>4,362,990</u>	<u>3,884,324</u>	<u>119,669</u>	<u>4,003,993</u>

Mowbray Collectables Limited**Notes to the Financial Statements**

for the year ended 31 March 2008

27. Impact of the adoption of New Zealand Equivalents to International Financial Reporting Standards (cont'd)

(2) Reconciliation of profit under previous NZ GAAP to profit under NZ IFRS

(a) For the year ended 31 March 2007

	Notes	CONSOLIDATED			PARENT		
		Previous NZ GAAP	Effect of transition to NZ IFRS	NZ IFRS	Previous NZ GAAP	Effect of transition to NZ IFRS	NZ IFRS
		\$	\$	\$	\$	\$	\$
Operating revenue		4,464,653	-	4,464,653	387,033	-	387,033
Surplus (deficit) before interest, taxation, depreciation and amortisation		347,622	-	347,622	(21,226)	-	(21,226)
Depreciation	(4)(a)	28,357	(745)	27,612	222		222
Amortisation	(4)(a,b)	160,719	(159,974)	745	-	-	-
Surplus (deficit) before interest, share of associates net surplus (deficit) and taxation		158,546	160,719	319,265	(21,448)		(21,448)
Interest income		22,179		22,179	145,837		145,837
Interest expense		(44,276)	-	(44,276)	(2,501)	-	(2,501)
Surplus (deficit) before share of associates net surplus (deficit) and taxation		136,449	160,719	297,168	121,888		121,888
Associates share of net surplus (deficit)	(4)(b)	(225,307)	408,166	182,859	85,404	119,669	205,073
Surplus (deficit) before income tax		(88,858)	568,885	480,027	207,292	119,669	326,961
Taxation		97,933	-	97,933	(3,225)	-	(3,225)
Net surplus (deficit) after taxation		(186,791)	568,885	382,094	210,517	119,669	330,186

Mowbray Collectables Limited**Notes to the Financial Statements**

for the year ended 31 March 2008

27. Impact of the adoption of New Zealand Equivalents to International Financial Reporting Standards (cont'd)

(3) Reconciliation of cash flow statement for the periods presented:
The adoption of NZ IFRS has not resulted in any material adjustment to the cash flow statement for the periods presented.

(4) Notes to the reconciliations:

(a) Software

Software was classified within fixed assets under previous NZ GAAP. Under NZ IFRS software is disclosed as an intangible asset.

	CONSOLIDATED	CONSOLIDATED	PARENT
		Year ended	Year ended
		31 March 2007	31 March 2007
Depreciation		(745)	-
Amortisation		745	-
	1 April 2006	31 March 2007	31 March 2007
Property, plant & equipment	(1,552)	(807)	-
Intangible Assets	1,552	807	-

(b) Amortisation of goodwill

Goodwill on subsidiaries and associates was expensed under previous NZ GAAP. Under NZ IFRS Amortisation of intangible assets with an indefinite useful life is not permitted.

Business combinations have not been restated and the carrying value of goodwill at the date of transition (1 April 2006) has been accepted.

	CONSOLIDATED	CONSOLIDATED	PARENT
		Year ended	Year ended
		31 March 2007	31 March 2007
Amortisation		(160,719)	-
Share of associates net surplus (deficit)		408,166	119,669
	1 April 2006	31 March 2007	31 March 2007
Goodwill	-	160,719	-
Investment in associates	-	408,166	119,669

(c) Retained Earnings

The effect on retained earnings set out above are as follows:

	CONSOLIDATED	CONSOLIDATED	PARENT
	1 April 2006	31 March 2007	31 March 2007
Amortisation of goodwill	(b) -	160,719	-
Share of associates net surplus	(b) -	408,166	119,669
	-	568,885	119,669

Martin Jarvie PKF
Chartered Accountants

PKF
Accountants &
Business Advisers

Audit Report

To the Shareholders of Mowbray Collectables Limited

We have audited the financial report on pages 6 to 33. The financial report provides information about the past financial performance of Mowbray Collectables Limited and Group and its financial position as at 31 March 2008. This information is stated in accordance with the accounting policies set out on pages 10 to 15.

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 the company and group as at 31 March 2008 and the results of operations and cash flows for the year ended on that date.

Auditor's Responsibilities

It is our responsibility to express to you an independent opinion on the financial report presented by the directors.

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 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 obtain 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 information in the financial report.

Other than in our capacity as auditor we have no relationship with, or interest in, the company and group.

Unqualified Opinion

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

In our opinion:

- proper accounting records have been kept by the company and group as far as appears from our examination of those records; and
- the financial report on pages 6 to 33 :
 - complies with generally accepted accounting practice in New Zealand;
 - complies with International Financial Reporting Standards; and
 - gives a true and fair view of the financial position of Mowbray Collectables Limited and groups as at 31 March 2008 and the results of its operations and cash flows for the year ended on that date.

Our audit was completed on 23 June 2008 and our unqualified opinion is expressed as at that date.



Martin Jarvie PKF
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Martin Jarvie PKF is an independent member of PKF International

Mowbray Collectables Limited

Statutory and Shareholder Information

for the year ended 31 March 2008

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 Stock 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 19 May 2008:

<i>Name</i>	<i>Number of Voting Securities</i>
J. R. Mowbray	4,815,060
J. I. Urquhart	1,242,410
R. A. Brierley	660,000
New Zealand Central Securities Depository Ltd	575,593

At 19 May 2008 the total issued voting securities was 10,855,523.

Largest Shareholders

The names of the 20 largest shareholders and their holdings as at 19 May 2008 were:

<i>Name</i>	<i>Number of Shares Held</i>	<i>Percentage of Issued Shares</i>
J. R. Mowbray	4,815,060	44.36%
J. I. Urquhart	1,242,410	11.44%
R. A. Brierley	660,000	6.08%
New Zealand Central Securities Depository Ltd	575,593	5.30%
S. M. Mowbray & R. F. Oldham	339,129	3.12%
Rotorua Trust Perpetual Capital Fund Ltd	252,927	2.33%
Hubbard Churcher Trust	232,280	2.14%
Forsyth Barr Custodians Ltd	203,479	1.87%
M. C. Radford	170,000	1.57%
Sinclair Long Term Holdings	156,750	1.44%
I. J. Halsted, S. D. Halsted & P. B. Friedlander	126,500	1.17%
Dagger Nominees Ltd	83,466	0.77%
J. H. Oakley	77,000	0.71%
C. Biggs	70,087	0.65%
P.G. Gillespie, W.M. Gillespie & A.R. Short	70,000	0.64%
FNZ Custodians Ltd	54,741	0.50%
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%
Forsyth Barr Custodians Ltd	46,000	0.42%
	<u>9,327,651</u>	<u>85.93%</u>

The total shares on issue at 19 May 2008 were 10,855,523.

Statutory and Shareholder Information

for the year ended 31 March 2008

Spread of Shareholders

The spread of shareholders as at 19 May 2008 was:

	<i>Holding Range</i>	<i>No. of Holders</i>	<i>Total Shares</i>	<i>Percentage</i>
1	- 1,000	18	12,311	0.11%
1,001	- 5,000	193	396,925	3.66%
5,001	- 10,000	42	292,977	2.70%
10,001	- 100,000	54	1,457,441	13.43%
100,001	- 5,000,000	11	8,695,869	80.11%
Total		<u>318</u>	<u>10,855,523</u>	<u>100.00%</u>

Directors' Shareholdings and Dealings

The number of shares and options issued to directors, and disposals during the period were:

	2008	2007
	No of Shares	No of Shares
J. R. Mowbray		
Opening balance	4,843,560	4,403,237
Movements		
Bonus issue	-	440,323
Sale of shares	<u>(28,500)</u>	<u>-</u>
Closing balance	<u>4,815,060</u>	<u>4,843,560</u>
I. J. Halsted		
Opening balance	34,375	31,250
Movements		
Bonus issue	-	3,125
Sale of shares	<u>-</u>	<u>-</u>
Closing balance	<u>34,375</u>	<u>34,375</u>
M.C. Radford		
Opening balance	220,000	200,000
Movements		
Bonus issue	-	20,000
Sale of shares	<u>(50,000)</u>	<u>-</u>
Closing balance	<u>170,000</u>	<u>220,000</u>
D.K. Heather		
Opening balance	-	-
Movements	<u>-</u>	<u>-</u>
Closing balance	<u>-</u>	<u>-</u>

Note 1 In the 2008 year, John Mowbray's shareholding decreased by 28,500 due to a sale of shares. In addition he has a beneficial interest of 49,500 shares.

Note 2 In the 2008 year, I.J Halsted's shareholding did not change. In addition he has a beneficial interest of 126,500 shares.

Note 3 In the 2008 year, M.C Radford's shareholding decreased by 50,000 due to a sale of shares.

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

Statutory and Shareholder Information

for the year ended 31 March 2008

Directors' Remuneration

Directors' remuneration during the year was M. C. Radford \$22,000 and I. J. Halsted \$16,000. J. R. Mowbray, as managing director, received a salary of \$150,000 and D.K Heather, as finance director, received a salary of \$95,000.

Employees' Remuneration

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

	2008	2007
\$100,000 - \$110,000	-	1
\$110,001 - \$120,000	-	-
\$120,001 - \$130,000	-	-
\$130,001 - \$140,000	-	-
\$130,001 - \$150,000	1	1
Total	1	2

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

PO Box 80 Wellington.

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

3. HOUSE OF STAMPS

PO 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

PO Box 444, Wellington.

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

AUSTRALIA

5. MOWBRAYS AUSTRALIA PTY LTD

36 Clarence Street, Sydney Phone 0061 2 9299 1300

422 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

PO 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.

Board of Directors

MURRAY RADFORD BCA, CA – CHAIRMAN

Murray is Chairman and a shareholder of the company, holding 170,000 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 4,815,060. Since starting the business in 1963, John has made philately his career, specialising in the auctioning of stamps. He is past 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 a 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

Johnston Lawrence Lawyers
Wellington

Share Registrar

Link Market Services
PO Box 384
Ashburton



Joel Elenberg
Mask (1980)
Bronze, 93cm high
Sold in April 2008 for A\$384,000.
Bonhams & Goodman