



MOWBRAY COLLECTABLES GROUP ANNUAL REPORT

2012





ANNUAL REPORT & FINANCIAL STATEMENTS

The directors are pleased to present the Annual Report Financial Statements and Group Financial Statements of Mowbray Collectables Limited for the year ended 31 March 2012.



Murray Radford
Chairman



John Mowbray
Managing Director

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DIRECTORS' REPORT

The directors present to the shareholders the twelfth annual report of the Mowbray Collectables Ltd group. This report covers the activities of the Group for the year ended 31 March 2012.

FINANCIAL RESULTS

	Notes	Group	
		2012 \$	2011 \$
Operating revenue	1	2,770,167	2,930,522
Surplus before interest, depreciation, amortisation discontinued operations, share of associates and taxation		30,832	296,116
Depreciation	11	(11,494)	(12,109)
Amortisation	12	(620)	(1,194)
Surplus before interest, discontinued operations, share of associates and taxation		18,718	282,813
Interest income	1	43,812	51,123
Interest expense		(70,658)	(51,775)
Surplus/(Deficit) before discontinued operations, share of associates and taxation		(8,128)	282,161
Adjustment on derecognition of associates		-	(360,000)
Impairment expense	18, 22	(300,000)	-
Share of associates' comprehensive income	15	142,444	58,303
Surplus/(Deficit) before taxation		(165,684)	(19,536)
Taxation (expense) benefit	3	27,749	(44,316)
Surplus/(Deficit) from continuing operations		(137,935)	(63,852)
(Deficit) from discontinued operations	19	(46,038)	(17,598)
Surplus/(Deficit) for the year		(183,973)	(81,450)
Other comprehensive income			
Movement in foreign currency translation reserve	7	1,083	(65,349)
Share of associates other comprehensive income	15	-	-
Total comprehensive income		(182,890)	(146,799)
Earnings per share continuing operations			
Basic (loss) per share (cents)	20	(1.24)	(0.57)

TRADING

OVERVIEW

The directors of Mowbray Collectables Ltd report, for the year ended 31 March 2012, a comprehensive loss of \$182,890 compared with a comprehensive loss last year of \$146,799. This year's result includes a further write-down of \$300,000 of the Australian investment in First East Auction Holdings Pty Ltd. This write-down is discussed further on in this directors' report.

The core continuing business units were fundamentally profitable for the year. However, in the second half of the year John Mowbray Philatelist and House of Stamps experienced slower sales activity and reduced sales margins. In addition, some one-off costs were also incurred during the period under review.

The Australian subsidiary Wildlife Philatelic Collections Pty Ltd suffered a 10% reduction in sales activity, which had an impact on the net results achieved, exacerbated by the fixed costs associated with this unit.

Mowbray Collectables Ltd (non trading) embraces the administration, compliance and holding costs for the entire Group including the costs of holding the investments in associate companies. Some one-off costs also included last year involved the winding down of the investments in First East Auction Holdings Pty Ltd and Mowbrays Australia Pty Ltd. The directors believe all of the costs of these closures have now been accounted for and positive contributions from the remaining Australian investments are anticipated.

CONTINUING OPERATIONS

J R MOWBRAY (PHILATELIST)

As reported at the half year, the New Zealand core businesses of stamps and coin auctions continued to feel the effects of local and global economic uncertainty. Sales were weaker domestically, but showed growth internationally despite the high NZ dollar. Within New Zealand, competition for the retail dollar is very competitive, but selling by auction provides the means to meet the market. Sales for the first five months of 2012 are 1% higher than the same period last year.

JOHN MOWBRAY INTERNATIONAL

The 20th annual international stamp and coin auction was again successful. The highlights of this auction were:

- The division's best coin and banknote sale ever.
- Total sales in excess of \$1,150,000 for the weekend.



**CHARLES GOLDIE, MAORI
WOMAN WITH MOKO.**

Peter Webb Galleries

Realised \$160,000 March 2012

WORLD WIDE FUND FOR NATURE STAMP PROGRAM (NZ)

The results achieved for the WWF stamp program in New Zealand were consistent with the previous year.

WILDLIFE PHILATELIC COLLECTIONS PTY LTD

The WWF stamp programs in Australia have also been affected by the economic environment and international currency movements. The strong Swiss franc affected margins. In spite of these headwinds, the directors view this as a well-managed business.

HOUSE OF STAMPS

Through the restructure and establishment of "Mowcoin" (noted below), HOS Manager, Arna Dal Din, has maintained the traditional product sales of the various agencies, and introduced new product initiatives to grow this division.

MOWCOIN

As announced last year, the directors have established a separate division to promote and grow the numismatic operations in 2011 under the management of Malcolm Turner. The division has established a presence in the New Zealand market during the year. Internet sales are proving very consistent, with a good following developing.

PETER WEBB GALLERIES LTD

(49% owned)

Peter Webb Galleries Ltd performed extremely well and traded ahead of budget, following a good first half year with a robust second half. Despite the indicated tighter discretionary spending in New Zealand, operating revenue for the financial year is 14% ahead of the same period last year.

Art, jewellery and wine auctions underpinned the emerging auction categories of oceanic and maori artifacts, and motor cycles. Webb's continues to hold its position as New Zealand's leading auction house, and being the number one seller in art, jewellery, motorcycles, maori artifacts and wine. Under the direction of CEO Neil Campbell and Director, Head of Fine Arts, Sophie Coupland, the initiatives in achieving growth in both a competitive and challenging market are most promising.



ALLEN MADDOX, THE PROBLEM WITH DARTH VADER, LOZENGE 9.

Peter Webb Galleries

Realised \$18,300 March 2012

SOTHEBY'S AUSTRALIA

(25% owned)

Sotheby's Australia has established itself as the leading auction house in the Australian market and performed strongly and well-ahead of budget for the first fifteen months of operations. The most recent auctions recorded sales of over A\$10 million for Fine and Decorative Arts.

The directors have decided to treat the 25% of Sotheby's Australia as an investment rather than as an associate because they consider that Mowbray Collectables Ltd does not have significant influence over the affairs of Sotheby's Australia. Mowbray Collectables Ltd is represented by one of four directors of the company, and while there will be participation in policy and other decisions we do not view that as constituting significant influence. Mowbray Collectables Ltd will have no material transactions with the company, and there will be no exchange of managerial personnel or the provision of technical information.

The effect of this is that income will be recognised only on receipt of dividends; the excellent earnings to date will not be equity accounted. We anticipate dividend returns in the coming six months.

DISCONTINUED OPERATIONS

MOWBRAYS AUSTRALIA PTY LTD

The directors completed the final transactions of the sale and purchase of the business operation from 1 July 2010. The new owners had been operating under the Mowbrays Australia brand licence which was concluded on 31 December 2011. The company is not currently trading.

FIRST EAST AUCTION HOLDINGS PTY LTD

(19.08% owned)

Following the sale of the core business in December 2010 to Sotheby's Australia, the directors have been involved in maximising the return on the remaining assets. The principal remaining asset was a 66% shareholding in Leonard Joel Pty Ltd. This was sold during the year to the minority shareholder.

First East Auction Holdings Pty Ltd has ceased trading and the investment in this company continues to be realised. \$363,000 was recovered during the past financial year and there will be further realisations in the current year. It has been decided to make a further impairment of \$300,000 in the 2012 financial accounts to reflect the expected level of shortfall. No further impairment is expected.



**ARTHUR BOYD, THE
FRIGHTENED BRIDEGROOM.**

Sotheby's Australia

Sold A\$1,200,000 August 2011



**MARGARET OLLEY, YELLOW
ROOM.**

Sotheby's Australia

Realised A\$120,000 November 2011

STAFF

The dedication and energy of staff has been exceptional over a period of difficult market conditions. The directors have appreciated their total commitment over the past year.

OUTLOOK

The past year has continued with the restructuring of the investments in associate and subsidiary companies in Australia. The core businesses have traded profitably and conservative growth is forecast in sales for the current financial year. The intention is to expand selling and marketing activities with a greater use of the internet. The web site will be redeveloped during coming months. Positive contributions from our associate Peter Webb Galleries Ltd and our investment in Sotheby's Australia are anticipated.

World economic uncertainty is such that it is difficult to forecast the future, even in the short term. The directors believe the Group is strongly positioned as leaders in the various business sectors it is active in, notably stamps and coins in New Zealand, and art and jewellery auctions in both New Zealand and Australia. This will provide an important platform for success in the future.



1929 TRIUMPH HORSMAN

Peter Webb Galleries

Realised \$29,000 March 2012

Murray Radford
Chairman

John Mowbray
Managing Director
25 June 2012



John Mowbray, Managing Director

MOWBRAY COLLECTABLES LIMITED**Consolidated Statement of Comprehensive Income**
for the year ended 31 March 2012

	Notes	CONSOLIDATED		PARENT	
		Year Ended 31-Mar 2012 \$	Year Ended 31-Mar 2011 \$	Year Ended 31-Mar 2012 \$	Year Ended 31-Mar 2011 \$
Operating revenue	1	2,770,167	2,930,522	308,960	40,704
Changes in inventory		37,761	(103,931)	-	-
Purchases		(812,029)	(599,709)	-	-
Employee benefits and expense		(789,737)	(774,835)	(300,922)	(278,454)
Office consumables		(155,297)	(209,201)	(6,342)	(6,322)
Promotional expenses		(109,748)	(90,820)	(5,905)	(5,753)
Other expenses	2	(910,285)	(855,910)	(241,213)	(256,326)
Surplus/(Deficit) before interest, depreciation, amortisation, discontinued operations, share of associates and taxation		30,832	296,116	(245,422)	(506,151)
Depreciation	11	(11,494)	(12,109)	-	-
Amortisation	12	(620)	(1,194)	-	-
Surplus/(Deficit) before interest, discontinued operations, share of associates and taxation		18,718	282,813	(245,422)	(506,151)
Interest income	1	43,812	51,123	258,728	233,195
Interest expense		(70,658)	(51,775)	(70,658)	(49,788)
Surplus/(Deficit) before discontinued operations, share of associates and taxation		(8,128)	282,161	(57,352)	(322,744)
Adjustment on derecognition of associates		-	(360,000)	-	-
Impairment expense	18, 22	(300,000)	-	(267,000)	(332,857)
Share of associates' comprehensive income	15	142,444	58,303	142,444	58,303
Surplus/(Deficit) before taxation		(165,684)	(19,536)	(181,908)	(597,298)
Taxation (expense)/benefit	3	27,749	(44,316)	30,685	(1,345)
Surplus/(Deficit) from continuing operations		(137,935)	(63,852)	(151,223)	(598,643)
Deficit from discontinued operations	19	(46,038)	(17,598)	-	-
Surplus/(Deficit) for the year		(183,973)	(81,450)	(151,223)	(598,643)
Other comprehensive income					
Movement in foreign currency translation reserve	7	1,083	(65,349)	-	-
Share of associates other comprehensive income	15	-	-	-	-
Total comprehensive income		(182,890)	(146,799)	(151,223)	(598,643)
Earnings per share - continuing operations					
Basic (loss) per share (cents)	20	(1.24)	(0.57)	-	-

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 Changes in Equity**

for the year ended 31 March 2012

	Consolidated			
Notes	Share Capital \$	Foreign Currency Translation Reserve \$	Retained Earnings \$	Total Equity \$
Balance at 1 April 2010	5,852,809	86,773	(1,650,414)	4,289,168
Comprehensive income				
Net (deficit) after taxation	-	-	(81,450)	(81,450)
Other comprehensive income				
Movement in foreign currency translation reserve	-	(65,349)	-	(65,349)
Share of associates' other comprehensive income	-	-	-	-
Total comprehensive income	-	(65,349)	(81,450)	(146,799)
Transactions with owners				
Dividend paid	-	-	(172,728)	(172,728)
Total transactions with owners	-	-	(172,728)	(172,728)
Balance at 31 March 2011	5,852,809	21,424	(1,904,592)	3,969,641
Comprehensive income				
Net (deficit) after taxation	-	-	(183,973)	(183,973)
Other comprehensive income				
Movement in foreign currency translation reserve	-	1,083	-	1,083
Share of associates' other comprehensive income	-	-	-	-
Total comprehensive income	-	1,083	(183,973)	(182,890)
Transactions with owners				
Dividend paid	-	-	(111,555)	(111,555)
Total transactions with owners	-	-	(111,555)	(111,555)
Balance at 31 March 2012	5,852,809	22,507	(2,200,120)	(3,675,196)

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 Changes in Equity**

for the year ended 31 March 2012

Parent				
Notes	Share Capital \$	Foreign Currency Translation Reserve \$	Retained Earnings \$	Total Equity \$
Balance at 1 April 2010	5,852,809	-	(3,111,395)	2,741,414
Comprehensive income				
Net (deficit) after taxation	-	-	(598,643)	(598,643)
Other comprehensive income				
Share of associates' other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(598,643)	(598,643)
Transactions with owners				
Dividends paid	-	-	(172,728)	(172,728)
Total transactions with owners	-	-	(172,728)	(172,728)
Balance at 31 March 2011	5,852,809	-	(3,882,766)	1,970,043
Comprehensive income				
Net (deficit) after taxation	-	-	(151,223)	(151,223)
Other comprehensive income				
Share of associates' other comprehensive income	-	-	-	-
Total comprehensive income	-	-	(151,223)	(151,223)
Transactions with owners				
Dividends paid	-	-	(111,555)	(111,555)
Total transactions with owners	-	-	(111,555)	(111,555)
Balance at 31 March 2012	5,852,809	-	(4,145,544)	1,707,265

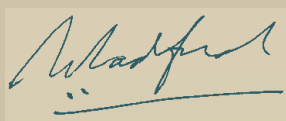
The Statement of Accounting Policies and the Notes to the Financial Statements form an integral part of these Financial Statements.

MOWBRAY COLLECTABLES LIMITED**Balance Sheet**

as at 31 March 2012

		CONSOLIDATED		PARENT	
		As at 31-Mar 2012 \$	As at 31-Mar 2011 \$	As at 31-Mar 2012 \$	As at 31-Mar 2011 \$
	Notes				
EQUITY					
Share capital	5	5,852,809	5,852,809	5,852,809	5,852,809
Accumulated (deficit)	6	(2,200,120)	(1,904,592)	(4,145,544)	(3,882,766)
Foreign currency translation reserve	7	22,507	21,424	-	-
Total Equity		3,675,196	3,969,641	1,707,265	1,970,043
Represented by:					
CURRENT ASSETS					
Receivables & prepayments		86,044	129,115	10,521	10,828
Inventory	8	1,667,887	1,603,576	-	-
Total Current Assets		1,753,931	1,732,691	10,521	10,828
CURRENT LIABILITIES					
Cash & cash equivalents		43,152	32,406	116,387	89,711
Trade creditors		326,574	226,397	10,742	20,786
Other payables & accruals	9	341,964	498,391	250,807	202,127
Taxation payable	3	(9,688)	55,164	(6,419)	(1,795)
Current portion of loan	10	246,202	281,130	246,202	281,130
Total Current Liabilities		948,204	1,093,488	617,719	591,959
WORKING CAPITAL		805,727	639,203	(607,198)	(581,131)
NON-CURRENT ASSETS					
Deferred tax	3	246,264	258,161	85,335	54,650
Property plant & equipment	11	48,393	47,434	-	-
Intangible assets	12	673	1,293	-	-
Goodwill	13	696,472	696,472	-	-
Investment	14	596,968	1,260,081	-	-
Investment in associates	15	1,420,135	1,339,541	1,420,135	1,339,541
Investment in subsidiaries	17	-	-	2,100,000	2,100,000
Related party receivables	18	78,252	33,826	(1,053,986)	(636,647)
Other receivables		19,333	42,524	-	42,524
Total Non-Current Assets		3,106,490	3,679,332	2,551,484	2,900,068
NON-CURRENT LIABILITIES					
Non-current portion of loan	10	237,021	348,894	237,021	348,894
Total Non-Current Liabilities		237,021	348,894	237,021	348,894
NET ASSETS		3,675,196	3,969,641	1,707,265	1,970,043

Authorised for issue for and on behalf of the Board of Directors



M. C. Radford - Chairman

25 June 2012



J. R. Mowbray - Managing Director

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 2012

		CONSOLIDATED		PARENT	
		Year Ended 31-Mar 2012	Year Ended 31-Mar 2011	Year Ended 31-Mar 2012	Year Ended 31-Mar 2011
	Notes	\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash was provided from (applied to)					
Receipts from customers		2,673,498	2,778,929	31,867	(6,919)
Interest received		43,812	123	950	74
Other revenue		77,877	63,879	-	-
Payments to suppliers		(2,051,712)	(1,831,886)	(229,682)	(270,827)
Payments to employees		(775,879)	(774,835)	(286,064)	(278,454)
Interest paid		(70,658)	(51,775)	(70,658)	(49,788)
Taxation paid		(54,759)	(70,202)	(4,624)	(387)
Net cash flows from operating activities	23	(157,821)	114,233	(558,211)	(606,301)
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash was provided from (applied to)					
Purchase of property, plant and equipment		(12,536)	-	-	-
Dividends received from associate		61,850	41,234	61,850	41,234
Sale of investments		-	13,041	-	-
Repayment of investment in First East Auction Holdings Pty Ltd		363,113	-	-	-
Purchase of investments		-	(531,320)	-	-
Net cash flows from investing activities		412,427	(477,045)	61,850	41,234
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash was provided from (applied to)					
Dividend (paid)		(111,555)	(172,728)	(111,555)	(172,728)
Loans received/(repaid)		(146,801)	477,720	581,240	743,631
Net cash flows from financing activities		(258,356)	304,992	469,685	570,903
Net increase/(decrease) in cash held		(3,750)	(57,820)	(26,676)	5,836
Cashflows from discontinued activites		(8,278)	(23,613)	-	-
Cash & cash equivalents at beginning of year		(32,406)	46,399	(89,711)	(95,547)
Effect of exchange rate change on cash & cash equivalents		1,282	2,628	-	-
Cash & cash equivalents at end of year		(43,152)	(32,406)	(116,387)	(89,711)
Comprising:					
Cash at bank - New Zealand		(68,146)	(65,512)	(117,528)	(89,711)
Cash at bank - Australia		24,994	33,106	1,141	-
		(43,152)	(32,406)	(116,387)	(89,711)

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 2012

STATEMENT OF COMPLIANCE

Mowbray Collectables Limited ('Company') is registered under the Companies Act 1993 and is an issuer in terms of the Securities Act 1978.

The Company is incorporated and domiciled in New Zealand.

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.

NEW STANDARDS AND INTERPRETATIONS

Relevant standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

NZ IFRS 9 – Financial instruments specifies how an entity should classify and measure financial assets, including some hybrid contracts. NZ IFRS 9 is intended to replace NZ IAS 39. NZ IFRS 9 is effective for accounting periods beginning 1 January 2013. The standard is not expected to have an impact on the Group.

NZ IAS 27 – Separate Financial Statements (as amended in 2011) contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The Standard requires an entity preparing separate financial statements to account for those investments at cost or in accordance with NZ IFRS 9 Financial Instruments.

NZ IAS 28 – Investments in Associates and Joint Ventures (as amended in 2011) amends the standard so that upon derecognition as an associate the retained interest does not get remeasured.

REPORTING ENTITY & PERIOD

For the results for the year ended 31 March 2012, 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
- Auction Investments SA Limited
- Mowbrays Australia Pty Limited
- 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.

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 on-going 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.

MOWBRAY COLLECTABLES LIMITED

Statement of Accounting Policies

for the year ended 31 March 2012

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.

FAIR VALUE OF INVESTMENT IN FIRST EAST AUCTION HOLDINGS PTY LTD

The investment in First East Auction Holdings Pty Limited has been commented on in the Directors' Report. The fair value of the investment has been reviewed by the directors, and they have resolved to write down the carrying value by \$300,000.

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 Changes 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 exceed the cost of acquisition, the deficiency is credited to the income statement 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 have 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.

MOWBRAY COLLECTABLES LIMITED**Statement of Accounting Policies**for the year ended 31 March 2012

Commission Income

Commission income is recorded at the completion of an auction when Mowbray Collectables Limited has completed the transaction and the buyer and seller have ownership and payment of the goods.

(e) Depreciation

Depreciation has been calculated using the following rates:

Leasehold improvements 6% - 48% DV

Plant and equipment 10% - 80% DV

Furniture & fittings 12% - 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 diminishing value 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 2012

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. 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 Limited is party to financial instruments in the form of cash and cash equivalents, accounts receivable and prepayments, accounts payable and loans as part of its operations. Cash and cash equivalents are held as financial assets at amortised cost. Accounts receivable and prepayments are held as loans and receivables and are recorded at fair value less any provisions for doubtful debts. Accounts payable and loans are held as financial liabilities at amortised cost. The carrying amounts are as disclosed in the Balance Sheet and all revenue and expenses in relation to the financial instruments are recognised in the income statement.

There are no financial assets past due but not impaired at balance date.

(j) Inventory

Catalogue inventory is valued at 30% of the net realisable value, all other inventory is valued at cost. Cost is the acquisition cost for each item of inventory purchased.

(k) Property, Plant & Equipment

Property, plant and equipment, leasehold improvements and equipment 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.

(l) 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% - 60% DV

(m) 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 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.

MOWBRAY COLLECTABLES LIMITED**Statement of Accounting Policies**for the year ended 31 March 2012

(n) 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.

Intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

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 the income statement 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.

(o) 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.

(p) 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.

(q) 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.

(r) 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.

(s) 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.

MOWBRAY COLLECTABLES LIMITED**Statement of Accounting Policies**for the year ended 31 March 2012

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.

(t) 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 & Cash Equivalents" 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.

(u) Investments

Investments are valued at historical cost which for derecognised associates is equivalent to fair value at the date of derecognition. Impairments in the value of investments are written off to earnings as they arise.

MOWBRAY COLLECTABLES LIMITED

Notes to the Financial Statements

for the year ended 31 March 2012

	CONSOLIDATED		PARENT	
	Year Ended 31-Mar 2012 \$	Year Ended 31-Mar 2011 \$	Year Ended 31-Mar 2012 \$	Year Ended 31-Mar 2011 \$
1. Total Revenue				
Turnover	2,388,889	2,556,977	-	-
Auction commission	303,401	309,666	-	-
Management fees from subsidiaries	31,560	8,504	63,960	40,704
Dividend received	-	-	245,000	-
Sundry revenue	46,317	55,375	-	-
Operating revenue	2,770,167	2,930,522	308,960	40,704
Interest income	43,812	51,123	258,728	233,195
	2,813,979	2,981,645	567,688	273,899
2. Other Expenses				
Included in Other Expenses are the following expenses:				
Audit fees	70,318	70,275	70,318	70,275
Bad debts	5,560	3,408	-	-
Directors' fees	42,000	42,039	42,000	42,039
Legal fees	2,582	5,622	2,582	5,250
Operating lease rental expenses	136,927	133,611	-	-
Sundry	652,898	600,955	126,313	138,762
3. Taxation				
(a) Taxation recognised in the income statement				
Taxation (expense)/income comprises				
Current tax (expense)/income	-	(45,904)	-	-
Deferred (tax)/income relating to the origination and reversal of temporary differences	1,367	(54,195)	30,685	(1,345)
Total tax (expense)/income	1,367	(100,099)	30,685	(1,345)
Continuing operations	27,749	(44,316)	30,685	(1,345)
Discontinued operations	(26,382)	(55,783)	-	-
Total tax (expense)/income	1,367	(100,099)	30,685	(1,345)
Income/(Loss) from continuing operations	(8,128)	282,161	(57,352)	(322,744)
Taxation refund/(expense) calculated at 28% (2011: 30%)	2,276	(84,648)	16,059	96,823
Effect of different tax rates in other countries	(1,768)	-	-	-
Tax effect of change in tax rate	-	(4,229)	-	(3,904)
Non-deductible expenses	859	(11,222)	4,145	11,080
Group loss offsets	-	-	10,481	(105,344)
Total tax (expense)/income	1,367	(100,099)	30,685	(1,345)
(b) Current tax assets and liabilities				
Current tax liability/(assets):				
Tax refund payable/(receivable)	(9,688)	55,164	(6,418)	(1,795)
(c) Deferred tax balances				
Deferred tax asset comprise:				
Temporary differences	246,264	258,161	85,335	54,650

MOWBRAY COLLECTABLES LIMITED**Notes to the Financial Statements**

for the year ended 31 March 2012

Taxable and deductible temporary differences arise from the following:

CONSOLIDATED 2012				
	Opening balance	Charged to income	Exchange differences	Closing balance
Gross deferred tax assets:				
Employee entitlements	226,103	(77,845)	-	148,258
Income tax losses	619,438	84,729	(47,100)	657,067
Other expenses	76,464	(2,002)	(271)	74,191
	922,005	4,882	(47,371)	879,516

CONSOLIDATED 2011				
	Opening balance	Charged to income	Exchange differences	Closing balance
Gross deferred tax assets:				
Employee entitlements	281,915	(55,812)	-	226,103
Income tax losses	653,871	(136,916)	102,483	619,438
Other expenses	74,097	2,174	193	76,464
	1,009,883	(190,554)	102,676	922,005

PARENT 2012				
	Opening balance	Charged to income	Exchange differences	Closing balance
Gross deferred tax assets:				
Employee entitlements	128,209	13,829	-	142,038
Income tax losses	-	91,881	-	91,881
Other expenses	67,000	3,880	-	70,880
	195,209	109,590	-	304,799

PARENT 2011				
	Opening balance	Charged to income	Exchange differences	Closing balance
Gross deferred tax assets:				
Employee entitlements	122,649	5,560	-	128,209
Other expenses	64,001	2,999	-	67,000
	186,650	8,559	-	195,209

(d) Imputation credit account balances

	CONSOLIDATED		PARENT	
	Year Ended 31-Mar 2012	Year Ended 31-Mar 2011	Year Ended 31-Mar 2012	Year Ended 31-Mar 2011
	\$	\$	\$	\$
Balance at beginning of the year	91,447	100,149	30,860	84,083
Imputation credits attached to dividends received	131,528	17,672	131,528	17,672
Imputation credits attached to dividends paid	(152,809)	(71,714)	(47,809)	(71,714)
Taxation paid	65,124	46,348	2,821	1,795
Taxation refunded	(3,869)	(792)	(1,795)	(792)
Other (credits)	(7,512)	(216)	(8,712)	(184)
Balance at end of the year	123,909	91,447	106,893	30,860

MOWBRAY COLLECTABLES LIMITED

Notes to the Financial Statements

for the year ended 31 March 2012

4. Remuneration of Auditors

	CONSOLIDATED		PARENT	
	Year Ended 31-Mar 2012 \$	Year Ended 31-Mar 2011 \$	Year Ended 31-Mar 2012 \$	Year Ended 31-Mar 2011 \$
<i>Auditor of the parent entity</i>				
Audit of the financial statements	70,318	70,275	70,318	70,275
Other non-audit services	-	-	-	-
	70,318	70,275	70,318	70,275

The auditor of Mowbray Collectables Limited is PKF Martin Jarvie.

5. Share Capital

	CONSOLIDATED & PARENT			
	Year Ended 31 March 2012		Year Ended 31 March 2011	
	Number	\$	Number	\$
Company and Group				
Ordinary Shares – Authorised, issued and fully paid				
Balance at beginning of year	11,155,523	5,852,809	11,155,523	5,852,809
Share capital at end of year	11,155,523	5,852,809	11,155,523	5,852,809

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.

The shares have no par value.

6. Accumulated Surplus/(Deficit)

	CONSOLIDATED		PARENT	
	Year Ended 31-Mar 2012 \$	Year Ended 31-Mar 2011 \$	Year Ended 31-Mar 2012 \$	Year Ended 31-Mar 2011 \$
Balance at beginning of year	(1,904,592)	(1,650,414)	(3,882,766)	(3,111,395)
Dividend paid to shareholders	(111,555)	(172,728)	(111,555)	(172,728)
Surplus/(deficit) for period after taxation	(183,973)	(81,450)	(151,223)	(598,643)
Accumulated surplus/(deficit) at end of year	(2,200,120)	(1,904,592)	(4,145,544)	(3,882,766)

7. Foreign Currency Translation Reserve

	CONSOLIDATED		PARENT	
	Year Ended 31-Mar 2012 \$	Year Ended 31-Mar 2011 \$	Year Ended 31-Mar 2012 \$	Year Ended 31-Mar 2011 \$
Balance at beginning of year	21,424	86,773	-	-
Effect of exchange rate change on foreign currency balance	1,083	(65,349)	-	-
Arising on translation of independent foreign operations	-	-	-	-
Balance at end of year	22,507	21,424	-	-

8. Inventory

	CONSOLIDATED		PARENT	
	Year Ended 31-Mar 2012 \$	Year Ended 31-Mar 2011 \$	Year Ended 31-Mar 2012 \$	Year Ended 31-Mar 2011 \$
Auction inventory	1,415,651	1,408,630	-	-
WWF inventory Chapters on hand	252,236	194,946	-	-
Total inventory	1,667,887	1,603,576	-	-

MOWBRAY COLLECTABLES LIMITED**Notes to the Financial Statements**

for the year ended 31 March 2012

9. Other Payables and Accruals

	CONSOLIDATED		PARENT	
	Year Ended 31-Mar 2012 \$	Year Ended 31-Mar 2011 \$	Year Ended 31-Mar 2012 \$	Year Ended 31-Mar 2011 \$
Other payables and accruals	173,895	344,180	88,988	55,166
Employee entitlements	168,069	154,211	161,819	146,961
Total other payables and accruals	341,964	498,391	250,807	202,127

10. Loans

	CONSOLIDATED		PARENT	
	Year Ended 31-Mar 2012 \$	Year Ended 31-Mar 2011 \$	Year Ended 31-Mar 2012 \$	Year Ended 31-Mar 2011 \$
Total loans owing:				
J. R. Mowbray	35,000	80,000	35,000	80,000
Loan from National Bank	448,223	550,024	448,223	550,024
	483,223	630,024	483,223	630,024
Repayable as follows:				
J. R. Mowbray	35,000	80,000	35,000	80,000
National Bank - 1007	100,000	100,000	100,000	100,000
National Bank - 1005	111,202	101,130	111,202	101,130
Current	246,202	281,130	246,202	281,130
J. R. Mowbray	-	-	-	-
National Bank - 1005	237,021	348,894	237,021	348,894
Non-Current	237,021	348,894	237,021	348,894
Total	483,223	630,024	483,223	630,024

J. R. Mowbray**Repayment:** \$5,000 per month**Interest Rate:** 1% per month**National Bank - 1007****Repayment:** 30 June 2012**Interest Rate:** 7.75% per annum**Security:** First Priority General Security Agreement over all assets of Mowbray Collectables Limited**National Bank - 1005****Repayment:** \$11,265 per month**Interest Rate:** 8.05%**Security:** First Priority General Security Agreement over all assets of Mowbray Collectables Limited

MOWBRAY COLLECTABLES LIMITED

Notes to the Financial Statements

for the year ended 31 March 2012

11. Property, Plant & Equipment

CONSOLIDATED					
	Leasehold \$	Office furniture and equipment \$	Plant and equipment \$	Computer equipment \$	Total \$
Gross carrying amount					
Balance at 1 April 2010	63,800	155,608	180,856	38,982	439,246
Additions	3,356	994	-	6,175	10,525
Disposals	-	(125,062)	(108,584)	-	(233,646)
Balance at 31 March 2011	67,156	31,540	72,272	45,157	216,125
Additions	-	556	9,968	2,012	12,536
Disposals	-	-	-	-	-
Balance at 31 March 2012	67,156	32,096	82,240	47,169	228,661
Accumulated depreciation/amortisation and impairment					
Balance at 1 April 2010	42,408	119,803	156,923	36,656	355,790
Depreciation expense	3,813	2,167	3,178	2,951	12,109
Foreign currency exchange difference	-	20	25	-	45
Disposals	-	(95,966)	(100,079)	-	(196,045)
Loss on sale of fixed assets	-	(1,389)	(1,819)	-	(3,208)
Balance at 31 March 2011	46,221	24,635	58,228	39,607	168,691
Depreciation expense	2,968	1,471	3,575	3,480	11,494
Foreign currency exchange difference	-	(3)	86	-	83
Disposals	-	-	-	-	-
Loss on sale of fixed assets	-	-	-	-	-
Balance at 31 March 2012	49,189	26,103	61,889	43,087	180,268
Net book value					
As at 31 March 2011	20,935	6,905	14,044	5,550	47,434
As at 31 March 2012	17,967	5,993	20,351	4,082	48,393

PARENT		
	Computer equipment \$	Total \$
Gross carrying amount		
Balance at 1 April 2011	5,533	5,533
Additions	-	-
Balance at 31 March 2011	5,533	5,533
Additions	-	-
Balance at 31 March 2012	-	-
Accumulated depreciation and impairment		
Balance at 1 April 2010	5,533	5,533
Depreciation expense	-	-
Loss on sale of fixed assets	-	-
Balance at 31 March 2011	5,533	5,533
Depreciation expense	-	-
Loss on sale of fixed assets	-	-
Balance at 31 March 2012	-	-
Net book value		
As at 31 March 2011	-	-
As at 31 March 2012	-	-

MOWBRAY COLLECTABLES LIMITED**Notes to the Financial Statements**

for the year ended 31 March 2012

12. Intangible Assets

Software

	CONSOLIDATED	PARENT
	\$	\$
Gross carrying amount		
Balance at 1 April 2010	33,913	-
Additions	-	-
Balance at 31 March 2011	33,913	-
Additions	-	-
Balance at 31 March 2012	33,913	-
Accumulated amortisation and impairment		
Balance at 1 April 2010	31,426	-
Amortisation	1,194	-
Balance at 31 March 2011	32,620	-
Amortisation	620	-
Balance at 31 March 2012	33,240	-
Net book value		
As at 31 March 2011	1,293	-
As at 31 March 2012	673	-

13. Goodwill

	CONSOLIDATED		PARENT	
	Year Ended 31-Mar 2012 \$	Year Ended 31-Mar 2011 \$	Year Ended 31-Mar 2012 \$	Year Ended 31-Mar 2011 \$
Gross carrying amount				
Balance at beginning of year	696,472	696,472	-	-
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 Limited
- World Wide Fund for Nature Stamp Program

MOWBRAY COLLECTABLES LIMITED

Notes to the Financial Statements

for the year ended 31 March 2012

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

	CONSOLIDATED	
	Year Ended 31-Mar 2012 \$	Year Ended 31-Mar 2011 \$
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 Limited	314,070	314,070
World Wide Fund for Nature Stamp Program	17,030	17,030
	696,472	696,472

Description of cash-generating unit and assumptions used to assess impairment.

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. Increases of approximately 7% per annum and the sales mix of both international and New Zealand market has been maintained. 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 five year period and pre-tax discount rate of 16.7%.

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 2012. 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 five year period and pre-tax discount rate of 16.7%.

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. An additional 1.3% to the weighted average cost of capital has been allocated 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 five year period and pre-tax discount rate of 18.0%.

Wildlife Philatelic Collections Pty Limited

This is a stand-alone 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 World Wide Fund for Nature stamps within 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 five year period and pre-tax discount rate of 17.0%.

World Wide Fund for Nature Stamp Program

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 Wildlife Philatelic Collections Pty Limited 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 five year period and pre-tax discount rate of 18.5%.

Cash flows beyond March 2017 have been extrapolated using a steady growth rate of 3% for all cash-generating units.

MOWBRAY COLLECTABLES LIMITED

Notes to the Financial Statements

for the year ended 31 March 2012

14. Investments

Name of Company	CONSOLIDATED	
	Carrying Amount	
	2012 \$	2011 \$
First East Auction Holdings Pty Limited	65,546	728,659
S.A. Unit Trust - Units	265,711	265,711
S.A. Unit Trust - Loan	265,711	265,711
	596,968	1,260,081

The reporting date of First East Auction Holdings Pty Limited is 31 December. First East Auction Holdings Pty Limited is incorporated in Australia and is now a dormant company. The Group has a 19.08% interest in First East Auction Holdings Pty Limited.

The reporting date of the SA Unit Trust is 30 June. The investment is in the nature of a Unit Trust. The Trustee, ACN 147 723 475 Pty Limited is a company incorporated in Australia. The Unit Trust owns 100% of the two subsidiaries that trade as Sotheby's Australia and Bay East. The investment in the SA Unit Trust is a combination of units and loans.

The directors have decided to treat the 25% investment in the SA Unit Trust as an investment held at cost rather than as an associate and equity accounted.

The directors are of the opinion that the Group does not have significant influence despite the 25% shareholding owned in the Unit Trust for the following reasons:

- There is no provision of essential technical information to the Unit Trust.
- There is no interchange of managerial personnel between the entities.
- There has been and there is no intention of the entities entering into any material transactions.
- Whilst the Group has a director representative on the Board and that director may participate in discussions about distribution and policy, because the remaining 75% of units are held by three unit holders each with 25% and thus having the same rights and obligations as the Group, the Group has effectively no ability to exert significant influence. Of the three unit holders, two are related parties, holding 50% between them, being entities controlled jointly by the Chairman and CEO of the SA Unit Trust thus effectively giving them control of the Unit Trust and blocking any significant influence that would normally be associated with a 25% holding in an entity.

The loan does not attract interest.

15. Investments in Associates

Name of Company	CONSOLIDATED		CONSOLIDATED	
	Ownership and Voting Interest		Carrying Amount	
	2012 %	2011 %	2012 \$	2011 \$
Peter Webb Galleries Limited (NZ auctioneer)	49	49	1,420,135	1,339,541
			1,420,135	1,339,541

The reporting date of Peter Webb Galleries Limited 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 Limited is incorporated in New Zealand.

Carrying amount of Investments in Associates

	CONSOLIDATED		PARENT	
	Year Ended 31-Mar 2012 \$	Year Ended 31-Mar 2011 \$	Year Ended 31-Mar 2012 \$	Year Ended 31-Mar 2011 \$
Carrying amount at beginning of year	1,339,541	2,360,131	1,339,541	1,322,472
Advance made during the year	-	51,000	-	-
Share of net surplus/(deficit)	142,444	58,303	142,444	58,303
Dividend received	(61,850)	(41,234)	(61,850)	(41,234)
Associate derecognised	-	(1,088,659)	-	-
Carrying amount at end of year	1,420,135	1,339,541	1,420,135	1,339,541
Goodwill in the carrying amount of associates	894,227	894,227	894,227	894,227

MOWBRAY COLLECTABLES LIMITED

Notes to the Financial Statements

for the year ended 31 March 2012

16. Summarised Financial Information of Associates

	CONSOLIDATED		PARENT	
	Year Ended 31-Mar 2012 \$	Year Ended 31-Mar 2011 \$	Year Ended 31-Mar 2012 \$	Year Ended 31-Mar 2011 \$
Current assets	3,139,474	2,965,044	3,139,474	2,965,044
Non-current assets	479,500	504,735	479,500	504,735
Current liabilities	(2,331,596)	(2,347,729)	(2,331,596)	(2,347,729)
Non-current liabilities	-	-	-	-
Net assets	1,287,378	1,122,050	1,287,378	1,122,050
Revenue	3,685,156	3,415,168	3,685,156	3,415,168
Net profit	290,701	118,986	290,701	118,986

17. Investment in Subsidiaries

Subsidiaries owned at 31 March 2012	Carrying Values 2012 \$	Carrying Values 2011 \$	Principal Activities	Country of Incorp.
Mowbray Bethunes Limited	1,151,220	1,151,220	Stamp, philatelic, rare book dealer, retailer & auctioneer	New Zealand
World Wide Fund for Nature Stamp Program (New Zealand Agency)	139,230	139,230	International stamp program agency	New Zealand
Wildlife Philatelic Collections Pty Limited	809,550	809,550	International stamp program agency	Australia
Mowbrays Australia Pty Limited	-	-	Non Trading	Australia
Auction Investments Limited	-	-	Holding company	New Zealand
Auction Investments SA Limited	-	-	Holding company	New Zealand
	2,100,000	2,100,000		

The percentage holding in all subsidiaries at 31 March 2012 is 100% (2011: 100%).

All subsidiaries have a balance date of 31 March.

18. 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 17 to the financial statements.

Equity interests in associates

Details of interests in associates are disclosed in note 15 to the financial statements.

(c) Transactions

All transactions between companies within the Group were conducted on an arms-length basis.

Parent company income received from its subsidiary Wildlife Philatelic Collections Pty Limited was \$32,400 (2011: \$32,200) in respect of management charges. Interest was charged between Mowbray Collectables Limited and Auction Investments Limited of \$257,778 (2011: \$233,121). There were no purchases from subsidiaries.

MOWBRAY COLLECTABLES LIMITED

Notes to the Financial Statements

for the year ended 31 March 2012

During the year J R Mowbray Philatelist purchased stock from House of Stamps of \$3,584 (2011: \$4,915) and made sales to Wildlife Philatelic Collections Pty Limited of \$15,183 (2011: \$9,903).

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.

During the year, J. R. Mowbray received remuneration of \$177,936 (2011: \$184,875) and D. K. Heather \$112,209 (2011: \$117,088).

Andrew Pitt, a director of Wildlife Philatelic Collections Pty Limited, provides management services of \$17,158 (2011: \$15,911), and fulfilment services of \$81,028 (2011: \$90,131) 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 \$28,835 (2011: \$26,624) to Barlow International Pty Limited.

(d) Outstanding Balances

Amounts outstanding between the Company and related parties are:

	CONSOLIDATED		PARENT	
	Year Ended 31-Mar 2012 \$	Year Ended 31-Mar 2011 \$	Year Ended 31-Mar 2012 \$	Year Ended 31-Mar 2011 \$
Mowbray Bethunes Limited	-	-	(2,913,604)	(2,530,211)
World Wide Fund for Nature Stamp Program	-	-	-	(100,610)
Mowbrays Australia Pty Limited	-	-	91,389	40,911
Wildlife Philatelic Collections Pty Limited	-	-	(1,157,478)	(1,082,878)
Auction Investments Limited	-	-	2,349,356	2,496,431
Agencies	78,252	33,826	-	-
First East Auction Holdings Pty Limited	-	-	37,743	-
Auction Investments SA Limited	-	-	538,608	539,710
	78,252	33,826	(1,053,986)	(636,647)

The related party receivables/payables in the Parent Balance Sheet have no fixed terms of settlement. They are repayable/receivable on demand but are not expected to be settled within the next 12 months.

The related party receivables in the consolidated Balance Sheet are receivables in respect of agencies held by the Group.

The Group holds two agency agreements with 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 CHC. In addition the Group charges management fees for administering the arrangement. The Group recognises the management fees and profit share under this arrangement 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.

During the year a provision for doubtful debts of \$267,000 was raised against the Mowbrays Australia Pty Limited related party receivable recognised by the company.

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 J. R. Mowbray to cover this obligation.

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

	CONSOLIDATED		PARENT	
	Year Ended 31-Mar 2012 \$	Year Ended 31-Mar 2011 \$	Year Ended 31-Mar 2012 \$	Year Ended 31-Mar 2011 \$
Rent paid was	94,948	93,619	-	-

MOWBRAY COLLECTABLES LIMITED

Notes to the Financial Statements

for the year ended 31 March 2012

19. Discontinued Operations

	CONSOLIDATED	
	Year Ended 31-Mar 2012 \$	Year Ended 31-Mar 2011 \$
Revenue	40	336,475
Expenses	19,696	298,290
Net profit/(loss) before taxation	(19,656)	38,185
Taxation (expense)/benefit	(26,382)	(55,783)
Net (loss) after taxation	(46,038)	(17,598)

The business operations of Mowbrays Australia Pty Limited were sold during 2011. In accordance with NZIFRS-5 the net profit before tax has been separately disclosed in the Statement of Comprehensive Income as discontinued operations.

20. Earnings Per Share

The earnings and weighted average number of ordinary shares are as follows:

	CONSOLIDATED	
	Year Ended 31-Mar 2012 \$	Year Ended 31-Mar 2011 \$
Surplus/(deficit) from continuing operations	(137,935)	(63,852)
Surplus/(deficit) from discontinuing operations	(46,038)	(17,598)
Weighted average number of ordinary shares	11,155,523	11,155,523
Earnings/(loss) per share (cents) (continuing operations)	(1.24)	(0.57)
Earnings/(loss) per share (cents) (discontinued operations)	(0.41)	(0.16)
Distributions to shareholders	111,555	172,728
Amount per share (cents)	1.00	1.55

21. Operating Lease Commitments

	CONSOLIDATED		PARENT	
	Year Ended 31-Mar 2012 \$	Year Ended 31-Mar 2011 \$	Year Ended 31-Mar 2012 \$	Year Ended 31-Mar 2011 \$
Commitments in respect of non-cancellable operating leases:				
Not later than one year	107,895	104,619	-	-
Later than one year and not later than two years	107,895	104,619	-	-
Later than two years and not later than five years	-	-	-	-
	215,790	209,238	-	-

22. Segment Information

Description of the types of products and services from which each reportable segment derives its revenues

The Group has 3 main reportable segments:

Auction segment – These divisions and subsidiaries are involved in the purchase and processing of philatelic and numismatic material for both postal and public auction. In New Zealand an international public auction is held annually for the sale of material and on behalf of vendors. The postal auction process involves purchased and processed product.

Retail segment – The retail segment of the divisions and subsidiaries are involved in the sale of supplies associated with the philatelic industry, and subscription series products such as the World Wide Fund for Nature Stamp programme.

All other segments – This segment includes the head office costs of management, governance and compliance of the Group. The revenues are derived from management fees and dividends.

MOWBRAY COLLECTABLES LIMITED

Notes to the Financial Statements

for the year ended 31 March 2012

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. The Board considers the business from both a product and service perspective. As the segment information suggests geographically the businesses are located in both New Zealand and Australia.

Being involved in the international auction and postal auction business sales to external customers do occur outside the geographic locations of both New Zealand and Australia. The external locations of the customers are not considered a strategic factor compared to the importance of the servicing of these customers.

Factors that management used to identify the Group's reportable segments

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies.

Measurement of operating segment profit or loss

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

The Group evaluates performance on the basis of profit or loss from operations before tax not including non-recurring losses, such as restructuring costs and goodwill impairment, and also excluding the effects of share based payments.

Information on geographical assets and rights under insurance contracts is not available and the cost to develop it would be excessive.

Segment assets and liabilities

Segment assets and liabilities are not included within the reporting to the Board and hence have not been included in the notes below.

	CONSOLIDATED			
	Auction segment 2012 \$	Retail segment 2012 \$	All other segments 2012 \$	Total NZ 2012 \$
Revenue				
Turnover	1,341,087	325,509	-	1,666,596
Auction commission	303,575	(174)	-	303,401
Dividends	-	-	-	-
Sundry revenue	41,978	4,339	-	46,317
Management fees	-	-	31,560	31,560
Operating revenue	1,686,640	329,674	31,560	2,047,874
Purchases	428,606	104,639	-	533,245
Employee benefits	409,045	79,770	300,922	789,737
Finance income	11	-	43,795	43,806
Finance cost	51	-	70,607	70,658
Depreciation (note 11)	9,502	-	-	9,502
Amortisation (note 12)	620	-	-	620
Impairment	-	-	300,000	300,000
Segment profit before income tax	382,400	29,511	(685,003)	(273,092)

MOWBRAY COLLECTABLES LIMITED

Notes to the Financial Statements

for the year ended 31 March 2012

	Australia Retail segment 2012 \$	Total NZ 2012 \$	Total 2012 \$
Revenue			
Turnover	722,293	1,666,596	2,388,889
Auction commission	-	303,401	303,401
Dividends	-	-	-
Sundry revenue	-	46,317	46,317
Management fees	-	31,560	31,560
Operating revenue	722,293	2,047,874	2,770,167
Purchases	278,784	533,245	812,029
Employee benefits	-	789,737	789,737
Finance income	6	43,806	43,812
Finance cost	-	70,658	70,658
Depreciation (note 11)	1,992	9,502	11,494
Amortisation (note 12)	-	620	620
Impairment	-	300,000	300,000
Segment profit before income tax	107,408	(273,092)	(165,684)

During the year an impairment loss of \$300,000 has been recognised against the First East Auction Holdings Pty Limited investment. The carrying value of the investment in note 14 reflects this impairment.

CONSOLIDATED				
	Auction segment 2011 \$	Retail segment 2011 \$	All other segments 2011 \$	Total NZ 2011 \$
Revenue				
Turnover	1,449,481	304,773	-	1,754,254
Auction commission	309,666	-	-	309,666
Sundry revenue	47,487	7,888	-	55,375
Management fees	-	-	8,504	8,504
Operating revenue	1,806,634	312,661	8,504	2,127,799
Purchases	303,305	103,218	-	406,523
Employee benefits	422,009	74,372	278,454	774,835
Finance income	36	-	51,074	51,110
Finance cost	1,987	-	49,788	51,775
Depreciation (note 11)	10,246	-	-	10,246
Amortisation (note 12)	1,194	-	-	1,194
Segment profit before income tax	578,307	61,748	(844,746)	(204,691)

	Australia Retail segment 2011 \$	Total NZ 2011 \$	Total 2011 \$
Revenue			
Turnover	802,723	1,754,254	2,556,977
Auction commission	-	309,666	309,666
Sundry revenue	-	55,375	55,375
Management fees	-	8,504	8,504
Operating revenue	802,723	2,127,799	2,930,522
Purchases	193,187	406,523	599,710
Employee benefits	-	774,835	774,835
Finance income	13	51,110	51,123
Finance cost	-	51,775	51,775
Depreciation (note 11)	626	10,246	10,872
Amortisation (note 12)	-	1,194	1,194
Segment profit before income tax	185,155	(204,691)	(19,536)

MOWBRAY COLLECTABLES LIMITED

Notes to the Financial Statements

for the year ended 31 March 2012

23. Net Cash Flow from Operating Activities

Reconciliation of income statement surplus/(deficit) with net cash flow from operating activities:

	CONSOLIDATED		PARENT	
	Year Ended 31-Mar 2012 \$	Year Ended 31-Mar 2011 \$	Year Ended 31-Mar 2012 \$	Year Ended 31-Mar 2011 \$
Reported surplus/(deficit) after taxation	(137,935)	(63,852)	(151,223)	(598,643)
Non cash items:				
Depreciation	11,494	10,873	-	-
Amortisation	620	1,194	-	-
Derecognition of associates	-	360,000	-	-
Impairment	300,000	-	267,000	332,857
Deferred tax asset	(27,673)	(1,644)	(30,685)	1,345
Management fees	-	-	(32,400)	(40,704)
Interest	-	-	(257,778)	(233,121)
Dividend received	-	-	(245,000)	-
Foreign exchange	-	26,969	-	-
Associate interest	-	(51,000)	-	-
Associated share of net (surplus)/deficit	(142,444)	(58,303)	(142,444)	(58,303)
	141,997	288,089	(441,307)	2,074
Movements in working capital				
(Increase)/decrease in inventories	(64,311)	93,076	-	-
(Increase)/decrease in receivables	(191,154)	(111,276)	307	(6,919)
Increase/(decrease) in payables	90,160	(78,404)	23,778	9,693
Increase/(decrease) in other payables & accruals	58,257	(2,084)	14,858	(12,119)
Increase/(decrease) in tax payable	(54,835)	(11,316)	(4,624)	(387)
	(161,883)	(110,004)	34,319	(9,732)
Net cash inflow/(outflow)	(157,821)	114,233	(558,211)	(606,301)

24. 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 and cash equivalents, 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 \$1,006,054 (2011: \$1,110,855).

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

Interest Rate Risk

The Group and Company have three loans incurring interest, of which two are with the National Bank and one is with J. R. Mowbray, all of which are at fixed interest rates. The directors consider that they have very little exposure to interest rate risk.

MOWBRAY COLLECTABLES LIMITED**Notes to the Financial Statements**for the year ended 31 March 2012

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 are exposed to little credit risk. Stock is only released on receipt of cleared funds. The maximum exposure to credit risk is represented by the carrying value of each financial asset in the balance sheet. The Group's turnover was \$3,569,201 and there were \$14,648 of bad debts (0.41%). The Group's credit policies are regarded as conservative and fiscally prudent.

Capital Risk Management

The main objective of capital risk management is to ensure the Group and Company operate as a going concern, meeting debts as they fall due, maintaining the best possible capital structure and reducing the cost of capital. Group and Company capital consists of share capital, foreign currency translation reserves and retained earnings. Group \$3,675,196 (2011: \$3,969,641) and Parent \$1,707,265 (2011: \$1,970,043). To maintain or alter the capital structure the Group and Company have the ability to review the size of dividends paid to shareholders, return capital or issue new shares, reduce or increase debt or sell assets.

The Group and Company have no externally imposed bank financial covenants at this time.

There have been no changes to capital risk management policies from the previous year.

25. Subsequent Events

The directors are not aware of any subsequent events requiring disclosure that have occurred since the year end.

26. Commitments for Capital Expenditure

There were no commitments for expenditure as at 31 March 2012 (2011: \$Nil)

27. Contingent Liabilities and Assets

There were no contingent liabilities or contingent assets at 31 March 2012 (2011: \$Nil)

PKF Martin Jarvie
Chartered Accountants



Accountants &
Business Advisers

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Mowbray Collectables Limited

Report on the Financial Statements

We have audited the financial statements of Mowbray Collectables Limited and group on pages 7 to 32, which comprise the consolidated and separate balance sheets of Mowbray Collectables Limited as at 31 March 2012, the consolidated and separate statements of comprehensive income, statements of changes in equity and cash flow statements for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation of these financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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Accountants &
Business Advisers

Opinion

In our opinion, the financial statements on pages 7 to 32:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards;
- give a true and fair view of the financial position of Mowbray Collectables Limited and the group as at 31 March 2012 and their financial performance and the cash flows for the year then ended.

Emphasis of Matter: Accounting for investment in SA Unit Trust

We draw your attention to Note 14 to the financial statements which describes the reasons why the Directors have concluded that they do not have significant influence in respect of the investment in SA Unit Trust. Our opinion is not modified in respect of this matter.

Report on other Legal and Regulatory Requirements

In accordance with the Financial Reporting Act 1993, we report that:

- 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 an examination of those records.

A handwritten signature in blue ink that reads 'Martin Jarvie'.

25 June 2012
PKF Martin Jarvie
Wellington

MOWBRAY COLLECTABLES LIMITED

Statutory and Shareholder Information

for the year ended 31 March 2012

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 4 May 2012

Name	Number of Voting Securities
J. R. Mowbray	4,765,060
J. I. Urquhart Family A/C	1,430,000
New Zealand Central Securities Depository Limited	837,926
Sir R. Brierley	660,000

At 4 May 2012, the total issued voting securities was 11,155,523.

Largest Shareholders

The names of the 20 largest shareholders and their holdings as at 4 May 2012 were:

Name	Number of Shares Held	Percentage of Issued Shares
J. R. Mowbray	4,765,060	42.71%
J. I. Urquhart Family A/C	1,430,000	12.82%
New Zealand Central Securities Depository Limited	837,926	7.51%
Sir R. Brierley	660,000	5.92%
S. M. Mowbray & R. A. Oldham	339,129	3.04%
Sinclair Long Term Holdings Limited	320,000	2.87%
Rotorua Perpetual Capital Fund Limited	207,527	1.86%
Forsyth Barr Custodians Limited (1-33 A/C)	129,600	1.16%
M. C. Radford	120,000	1.08%
Forsyth Barr Custodians Limited (1-28 A/C)	114,220	1.02%
Dagger Nominees Limited	83,466	0.75%
C. Biggs	78,324	0.70%
Forsyth Barr Custodians Limited (1-E A/C)	78,259	0.70%
J. H. Oakley	77,000	0.69%
J. S. S. Richardson	75,000	0.67%
P. G. Gillespie, W. N. Gillespie, A. R. Short	70,000	0.63%
R. J. Gillatt	69,385	0.62%
B. A. Paradine	52,000	0.47%
PCS Investment Nominees Limited	50,600	0.45%
R. J. Dunlop, J. M. Dunlop	50,000	0.45%
	9,607,496	86.12%

The total shares on issue at 4 May 2012 were 11,155,523.

MOWBRAY COLLECTABLES LIMITED

Statutory and Shareholder Information

for the year ended 31 March 2012

Spread of Shareholders

The spread of shareholders as at 4 May 2012 was:

Holding Range	No. of Holders	Total Shares	Percentage
1 - 1,000	24	17,575	0.16%
1,001 - 5,000	173	359,766	3.23%
5,001 - 10,000	42	301,041	2.70%
10,001 - 100,000	53	1,553,679	13.93%
100,001 - 5,000,000	10	8,923,462	79.99%
Total	302	11,155,523	100.00%

Directors' Relevant Interests

The equity securities in which each director has a relevant interest at the balance date of the current financial year were:

	2012 No of Shares	2011 No of Shares
J. R. Mowbray		
Opening balance	4,765,060	4,765,060
Movements	-	-
Sale of shares	-	-
Closing balance	4,765,060	4,765,060
I. J. Halsted		
Opening balance	34,375	34,375
Movements	-	-
Sale of shares	-	-
Closing balance	34,375	34,375
M. C. Radford		
Opening balance	120,000	120,000
Movements	-	-
Sale of shares	-	-
Closing balance	120,000	120,000
D. K. Heather		
Opening balance	-	-
Movements	-	-
Sale of shares	-	-
Closing balance	-	-

Note 1 In the 2012 year, J. R. Mowbray's shareholding did not change. In addition he has a beneficial interest of 49,500 shares.

Note 2 In the 2012 year, I. J. Halsted's shareholding did not change. In addition he has a beneficial interest of 126,500 shares.

Note 3 In the 2012 year, M. C. Radford's shareholding did not change.

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

Directors' Remuneration

Directors' remuneration during the year was M. C. Radford \$24,000 and I. J. Halsted \$18,000.

J. R. Mowbray, as Managing Director, received a salary of \$177,936 and D. K. Heather, as Finance Director, received a salary of \$112,209.

Employees' Remuneration

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

	2012	2011
\$100,000 - \$110,000	-	-
\$110,001 - \$120,000	1	1
\$120,001 - \$130,000	-	-
\$130,001 - \$140,000	-	-
\$130,001 - \$150,000	-	-
\$150,000 - \$170,000	-	-
\$170,000 - \$190,000	1	1
Total	2	2

CORPORATE GOVERNANCE

The Board of Directors of Mowbray Collectables Limited (the 'Company') is elected by shareholders to provide leadership and strategic direction that will enhance the value of the group and enable it to grow. The directors recognise that good corporate governance is essential and the Board is committed to ensuring that the Company meets best practice governance principles and maintains high ethical standards.

The Company complies with the corporate governance principles set out in the NZX "Corporate Governance Best Practice Code". The company also complies with the principles of the Commerce Commission "Corporate Governance in New Zealand Principles and Guidelines".

The Company has adopted a Corporate Governance Code that includes a Code of Ethics, an Audit Committee Charter, a Remuneration Committee Charter and a Nomination Committee Charter.

RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

The Board is responsible for setting the Company's strategic direction with the ultimate goal being to enhance the value of The Company's assets and business in the best interests of both the company and its shareholders.

The Board's role includes:

- review and approval of strategies, plans and budgets
- approving major investments and divestments
- monitoring the financial performance of the Company in a consistent and timely manner
- approval of half-year and annual financial statements
- the appointment and review of the Managing Director
- review of the Group's governance policies and processes

The Board has delegated the responsibility for day-to-day operation, administration, and implementation of strategies and the achievement of budgets to the Managing Director, John Mowbray, and his management team.

BOARD OF DIRECTORS

The Board currently comprises two non-executive directors including the Chairman and two executive directors (the Managing Director and the Finance Director). The Board has determined in accordance with NZX listing rule 3.3.3, that both Murray Radford and Ian Halsted are independent directors of the Company.

The profile of the directors can be found on page 40.

In accordance with NZX listing rule 3.3.11, at least one third, or the number nearest to one third of the total number of directors (except the Managing Director who is appointed by the Board) retire by rotation at each annual meeting. The directors who retire are those who have been longest in office since their last election or re-election. Directors retiring by rotation are eligible for re-election at that meeting.

BOARD COMMITTEES

The Company is a small company and as a consequence requires a small Board comprising only two independent directors. Many of the tasks of committees usually associated with larger Boards are undertaken by the full Board and are recorded in the minutes accordingly. Clause 3.1 of the Corporate Governance Code permits two or more committees to be amalgamated for convenience. Accordingly, the roles of the Remuneration Committee and the Nomination Committee are performed by the Board, and there is only one formally constituted committee, the Audit Committee.

AUDIT COMMITTEE

The primary function of the Audit Committee is to assist the Board in fulfilling its responsibilities relating to the integrity of the Company's financial reporting, internal control and auditing activities.

The current members of the Audit Committee are Ian Halsted (Chairman), Murray Radford and David Heather. Murray Radford, a qualified chartered accountant and Ian Halsted are non-executive directors.

The committee meets regularly and at least twice a year with the external accountants and at least annually with the auditors. These meetings are to enable the committee members to review their work and to satisfy themselves that they are discharging their respective responsibilities adequately. The committee is also required to review the nature and extent of the other services provided by the independent auditors and to confirm that the auditors' independence has not been impaired. It is a policy of the Board that the auditors have unrestricted access to the Audit Committee and it is a standard practice for the committee to invite the auditors to meet with the independent directors in the absence of executives.

BOARD MEETINGS

The Board has regular scheduled meetings each year and also meets as and when required, often by teleconference, to deal with any specific matters that may arise between scheduled meetings.

All directors attended all Board meetings that were held during the year.

REMUNERATION OF DIRECTORS

Shareholders resolved at the last annual meeting that the total remuneration to be paid to the non-executive directors be fixed at a sum not exceeding \$42,000 per annum, such sum to be divided amongst them in such proportions and in such a manner as they determine. The directors advise that the total remuneration paid to non-executive directors for the year ended 31 March 2012 was \$42,000.

The remuneration packages of the executive directors who are not entitled to receive any remuneration in their capacity as directors, are fixed by the non-executive directors. The executive directors do not participate in discussion determining their own remuneration packages.

SHARE TRADING BY COMPANY DIRECTORS AND OFFICERS

The Company is committed to complying with all legal and statutory requirements regarding insider trading.

Trading in Mowbray securities by directors and management must comply with the:

- Company's Code of Conduct for Securities Trading.
- New Zealand legislation and the company's security trading rules prevent short term trading and dealing in the company's securities while directors and senior executives are in possession of non-public material and relevant information.

A schedule of director's beneficial and non-beneficial holding of Mowbray shares is included on page 36.

Company Profile

NEW ZEALAND

1. J R MOWBRAY PHILATELIST

Private Bag 63000, Wellington 6140
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

Private Bag 63000, Wellington 6140
Main Highway, Otaki. Telephone 06 364 8270

The division holds New Zealand's largest stamp auction annually, with an international clientele.

3. HOUSE OF STAMPS

Private Bag 63000, Wellington 6140
Main Highway, Otaki. Telephone 06 364 8270

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

Private Bag 63000, Wellington 6140
Main Highway, Otaki. Telephone 06 364 8270

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

AUSTRALIA

5. MOWBRAYS AUSTRALIA PTY LTD

Private Bag 63000, Wellington 6140
Main Highway, Otaki. Telephone 06 364 8270

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.

New Zealand's premier art auction house, 49% owned

8. FIRST EAST AUCTION HOLDINGS PTY LTD

10 Albion Avenue
Paddington NSW 2021

This company is no longer operating, 19.08% owned.

9. SOTHEBY'S AUSTRALIA

926 High Street, Armadale, Victoria

Australia's leading auction house, 25% owned.

Board of Directors

MURRAY RADFORD BCA, CA – CHAIRMAN

Murray is Chairman and a shareholder of the company, holding 120,000 shares. He is a business and financial consultant and 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. He is President of the Wellington Golf Referees Association.

JOHN MOWBRAY BCA – MANAGING DIRECTOR

John is the largest shareholder of the company, holding 4,765,060. 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 patron of the Waikanae Rugby Club, and Kapiti Philatelic Society. He is Chairman of the Horowhenua – Kapiti Rugby Union and the Mahara Gallery Trust.

John is a director of Peter Webb Galleries Ltd.

IAN HALSTED – DIRECTOR

Ian is a director and shareholder in the company, holding a direct and indirect interest in 160,875 shares. He is a director of Peter Webb Galleries Ltd.

Previous positions include Managing Director of Hedley Byrne NZ Ltd, Managing Director of Hallenstein Glasson Holdings Ltd, a Director of Hallenstein Bros Ltd and Mr Chips Holdings Ltd. He is a Past President of the NZ Retailers Federation and has served on the Board of several private companies.

DAVID HEATHER BCA – FINANCE DIRECTOR

David has previously worked in the transport sector as a director. He is a Director of the Royal NZ Foundation for the Blind.

Directors

John Reader Mowbray
54 Winara Avenue
Waikanae

Ian Jeffrey Halsted
19A Lucerne Road
Remuera
Auckland

Murray Charles Radford
10/B Central Terrace
Kelburn
Wellington

David Keith Heather
29 Hona Street
Waikanae

Registered Office

247-253 Main Highway
Otaki

Communication Addresses

Postal: PO Box 63000, Wellington 6140
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
Corporate Wellington

Auditor

PKF Martin Jarvie
Wellington

Accountants

BDO Wellington Limited

Solicitors

Quigg Partners
Wellington

Izard Weston Lawyers
Wellington

Share Registrar

Link Market Services
PO Box 384
Ashburton



JOHN MOWBRAY INTERNATIONAL STAMP AUCTION, WELLINGTON



PETER WEBB GALLERIES MOTOR CYCLE AUCTION, AUCKLAND

