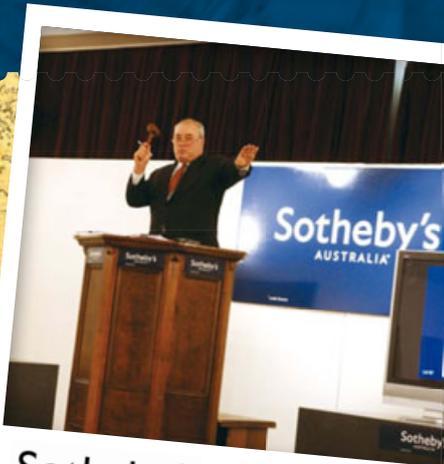




**MOWBRAY
COLLECTABLES**

MOWBRAY COLLECTABLES GROUP ANNUAL REPORT

2010



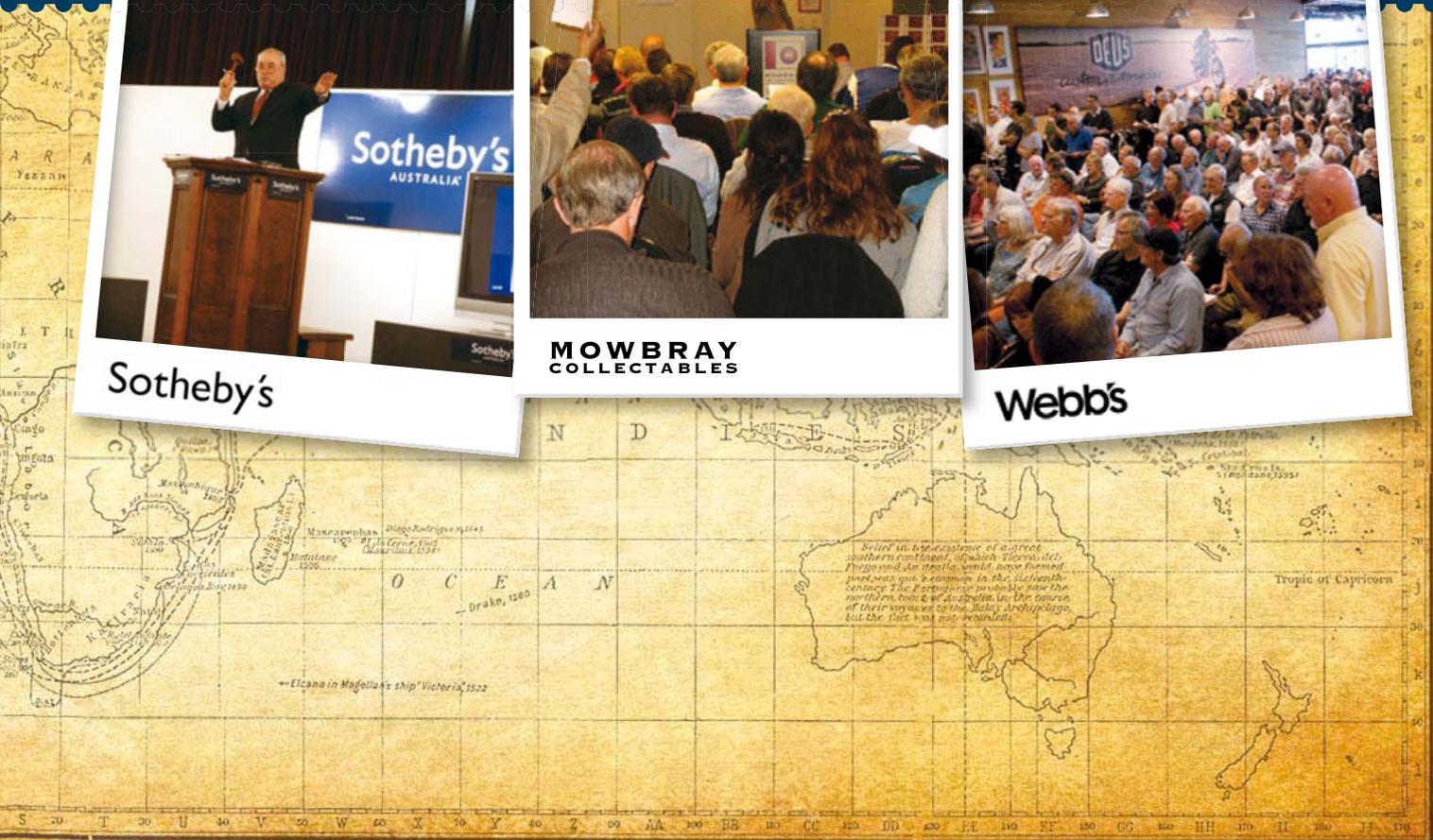
Sotheby's



**MOWBRAY
COLLECTABLES**



Webb's



Probably the hostess would not have been flattered if a guest had intimated that the entire interest and enjoyment of the gathering would afterwards be summed up in a square inch, unless she had reflected that 'tis on little things great adventures hang'.

Rev. C.S. Morton 'A Study of the Early Post Issues of Mauritius', *London Philatelist*, 1924.

Winter in colonial Mauritius, from July to October, was a time of balls and dinner parties. The 'gay season' usually began with the return of the Governor and his family to the capital, Port Louis, from their country residence in Moka. Then Mauritian society stirred itself eagerly anticipating the invitations to musical soirées, picnics, race day at the Champs de Mars, and particularly to the balls. Rejoicing in the cooler weather, the ladies readied their wardrobes, shaking out their best dresses and venturing into the well-supplied merchants' shops in town.

Lady Gomm was the Governor's wife and, while her ball was neither the first nor the last of the season, it would be the grandest. Elizabeth Gomm was well liked in the island and a great asset to the Governor. She was charming and knew how to entertain to advantage. She was also, it seems, happy to promote Port Louis's newly organized town mail delivery on this occasion, using it to send out the invitations (it is thought) to her ball. What better way to introduce the local community to the concept of the penny postal system and the first postage stamps the island had ever seen?



The brilliant orange-red stamps were a great novelty and the profile of Queen Victoria printed upon them would immediately have caught the eye against the delicate buff colour of the envelopes. A few of the older French recipients might

have raised an eyebrow resignedly for a moment at the sight of the head of the British monarch, as they prised open the envelopes to discover that a grand fancy-dress affair was to be held at Government House on the evening of 30 September 1847.

It was common practice to invite a slightly greater number of guests than were expected, for it was rare that everybody accepted. Yet on that mild Thursday evening, as a steady stream of soldiers in their military best strolled up the rue de la Chaussée from the nearby barracks, guests in their carriages continued to rattle in from all directions – along the rue Moka, up the broad tree-lined sweep of the Place d'Armes, the rue du Gouvernement and rue Royale. The carriages stopped briefly to set their occupants down, a bright splash of colour against the dark stone of Government House. It had been built by the French in another

era, during their time as rulers of the island, and was periodically denounced by the British with a sniff as 'one of the most unsightly, inelegant structures in the place'.

It must have been a remarkable evening, but Lady Gomm's ball is remembered chiefly for one curious reason. Of the hundreds of invitations or admission cards sent out, three of the envelopes which carried them survived. These were the earliest items bearing postage stamps to pass through the Mauritian postal system. Not one of Lady Gomm's guests could have imagined that people the world over would soon be collecting these little scraps of paper, these postage stamps, and would even pay great sums for them – that 150 years later the stamp-bearing envelopes they had chanced to keep would be worth more than a million dollars.

There were two versions, or values, of the stamps: the ONE PENNY used by Lady Gomm, printed in orange-red, and a TWO PENCE printed in deep blue. In addition to the value and the profile of the Queen, both designs carried the inscription POST OFFICE – MAURITIUS – POSTAGE. Up to 500, perhaps, of each denomination were issued in September 1847, engraved locally by Joseph Osmond Barnard. While some have found the stamps plain, they look as if care was taken over their creation, and the few surviving specimens are jewel-like. They seem almost to glow.

Mauritius was only the fifth country in the world – and the first British colony – to produce postage stamps. This fact would be enough to ensure interest in the island's first postal issue, but the stamps' fame and fortune flowed from more than this.

For a time, like Lady Gomm's ball, the first stamps of Mauritius retreated into obscurity, unknown and undocumented, until a two pence finally surfaced on the fledgling French stamp-collecting market in 1865. From the moment of the first announcement of this discovery in the philatelic press, mystery surrounded the little blue stamp. This specimen was ever so slightly different. In most respects it was similar to known examples of what was then thought to be the first stamp of Mauritius, except that it bore the words POST OFFICE instead of the expected POST PAID. Perhaps this particular specimen was an error, that quirk of manufacture beloved of the omnivorous collector? When had it been issued and how many more might there be? (These were already important questions for those who had taken up the world's strangest new hobby). The stamp was evidently rare, and the lucky dealer who had acquired it priced it accordingly.

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 2010.



Murray Radford - Director



John Mowbray - Director

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DIRECTORS' REPORT

The directors present to the shareholders the tenth annual report of the Mowbray Collectables Ltd group. This report covers the activities of the group for the year ended 31 March 2010.

FINANCIAL RESULTS

	Notes	GROUP	
		2010	2009
		\$	\$
Operating Revenue	1	3,686,901	4,068,592
(Deficit) before interest, depreciation, amortisation, share of associates net surplus / (deficit) and taxation		(242,234)	(188,175)
Depreciation	8	19,392	26,274
Amortisation	10	1,662	708
(Deficit) before interest, share of associates net surplus/ (deficit) and taxation		(263,288)	(215,157)
Interest income	1	4,770	22,882
Interest expense		(48,039)	(69,219)
(Deficit) before share of associates net surplus/(deficit) and taxation		(306,557)	(261,494)
Share of associates net surplus/(deficit)	6	51,468	(26,220)
(Deficit) before taxation		(255,089)	(287,714)
Taxation (expense)/benefit	3	91,155	77,716
(Deficit) after taxation		(163,934)	(209,998)
Other comprehensive income			
Movement in foreign currency translation reserve	13	62,841	62,836
Share of associates other comprehensive income	6	(65,173)	(6,785)
Total comprehensive income		(166,266)	(153,947)

DIVIDEND

For the current year the directors have declared a dividend of 1.5c, payable on 12 August 2010.

IFRS – INTERNATIONAL FINANCIAL REPORTING STANDARDS

All group cash generating units have been assessed for impairment of goodwill under IFRS with the result that no impairment of goodwill is recognised in the 2010 year result.

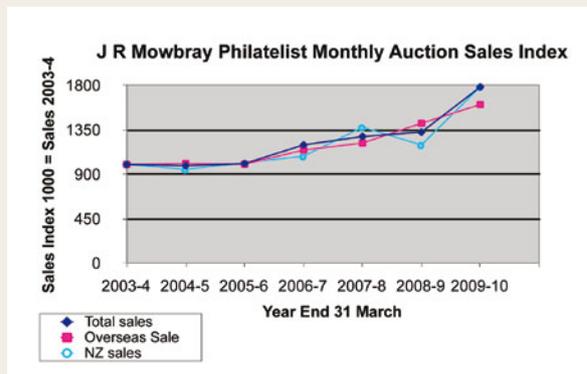
The IFRS review, analysis and audit of each of the cash generating units have once again been robust and confirm our confidence in the profitability of the core businesses of the group.

TRADING

J R MOWBRAY (PHILATELIST)

Our core business unit continued with growing sales levels over the past three years despite the international economic downturn, with overseas sales recording the major gains. Total auction sales for the year was in excess of \$1.4 million, 62% of which were export sales. Sales have increased by 27% over the past four years.

During the year we reached our 400th monthly postal auction, which was a milestone, and it recorded one of our best auction results to date. Stock levels were reduced over the period without an effect on our gross margins. Significantly 70% of the Stirling purchase which is conservatively valued remains yet to be processed.



JOHN MOWBRAY INTERNATIONAL

The 18th stamp auction and 8th coin auction in November realised \$1.25 million. This was a record sale for the international division.

Costs of operations were within budget and the net contribution recording a 50% increase over 2009.

Highlights of the auction were:



1949 3d Royal Visit Vanguard realised \$31,050.

A collection of Manchukuo estimates at \$10,000 realised \$31,625.

A full Face Queen collection estimated at \$30,000 realised \$49,450.

Post balance date we have had a most successful exhibition at London 2010, realising record sales, despite the high New Zealand dollar.

WORLD WIDE FUND FOR NATURE STAMP PROGRAM (NZ)

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

WILDLIFE PHILATELIC COLLECTIONS PTY LTD

An excellent result for the WWF Stamp Program in Australia. This is a well managed business and it continues to produce excellent results through innovative marketing and a well organised data base, managed by Andrew Pitt.

HOUSE OF STAMPS

A consistent result for the year has been achieved. Product sales of the major agencies have been maintained. Numismatic activity has continued in both monthly and international auction, with good results.

MOWBRAYS AUSTRALIA PTY LTD

As previously reported the directors have been disappointed with the performance of this business. Despite the closure of the Melbourne office and a significant rationalisation of operations the losses incurred continued to grow.

The level of Australian auction activity proved weak and very disappointing, with the year under review being the worst we have experienced for a number of years. The success of the Australian model relies totally on commission sales and not from purchased inventory, and there was a heavy impact on lower commissions levels against our fixed operating costs.

As a result the directors took the decision to dispose of the business. The board have negotiated the sale of Mowbrays Australia Pty Ltd on 23 June 2010.

The directors have reduced the carrying value of the investment by \$330,000 to \$332,000.

**PETER WEBB GALLERIES LTD
(49% OWNED)**

As we reported at the half-year Peter Webb Galleries has traded very profitably for the year and ahead of expectations.

A restructured company under the leadership of Neil Campbell has produced a number of successful initiatives that have added to the auction marketing in general. Particularly motorbike and artefact sales have been very successful with Webbs becoming New Zealand's leading auctioneer in these categories alongside art, jewellery and wine.

The volatility in many global markets seems to have stabilised with the general auction activity showing further growth over this year.

**FIRST EAST AUCTION HOLDINGS
PTY LTD (20% OWNED)**

In November 2009, the group's 20% owned Australian associate, FEAL, acquired Sotheby's Australia, Australia's largest auction house, and relinquished its previously held license to operate as Bonhams & Goodman. This acquisition involved significant costs of restructuring of the businesses and premises, many staff movements and the move of administration offices and financial records from Sydney to Melbourne. This was a considerable logistics exercise, and was far more disrupting than anticipated.

There was some recovery in auction market activity during the year. The first auctions under the new brand were held in November 2009 and continued through the auction season to April/May 2010. We believe that Sotheby's Australia is trading well in the current year, with sales to date meeting budget.

STAFF

The dedication and energy of staff has been exceptional over a period of considerable volatility and uncertainty in all markets. The directors have appreciated their total commitment over the past year.



Sold by Peter Webb Galleries
Don Binney - Kotari over Hikurangi NZ\$251,000



Sotheby's Australia Art Auction April 2010
Coogee Bay 1907, Oil on canvas
By Arthur Streeton. Realised A\$750,000 at auction



CORPORATE GOVERNANCE

The Board of Directors of Mowbray Collectables Ltd is elected by shareholders to represent all of the company's shareholders. It is the Board's responsibility to establish the strategic direction and objectives of Mowbray Collectables Ltd and to supervise and direct the management of the business and affairs of the company. The Board currently comprised two executive directors John Mowbray and David Heather, and two non-executive directors, Murray Radford and Ian Halsted. The Board has determined that the non-executive directors are Independent Directors as defined in the NZX Listing Rules.

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

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

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

During the year all directors attended each directors' meeting. The share holdings and dealings of the directors are detailed on page 37.

OUTLOOK

During the year there was a definite stability return to the various auction markets we operate in Australasia except philatelic activities in Australia.

The core businesses have traded extremely profitably and we are forecasting continued growth in sales for the 2010 year. We anticipate positive contributions from our associates Peter Webb Galleries and First East Auction Pty Ltd with the development of the Sotheby's brand in Australia.

Murray Radford
Chairman

John Mowbray
Managing Director

25 June 2010



1882 New Zealand Queen Victoria Long Type set of fourteen (25/- to £10) all mint and with original gum; a remarkable complete set, perhaps a unique set of non standard issues sold by John Mowbray International for \$46,165

MOWBRAY COLLECTABLES LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2010

	Notes	CONSOLIDATED		PARENT	
		Year Ended 31 March 2010	Year Ended 31 March 2009	Year Ended 31 March 2010	Year Ended 31 March 2009
		\$	\$	\$	\$
Operating revenue	1	3,686,901	4,068,592	61,684	298,457
Changes in inventory		(78,390)	(65,508)	-	-
Purchases		(783,436)	(770,438)	-	-
Employee benefits and expense		(1,228,257)	(1,306,846)	(286,777)	(243,849)
Office consumables		(381,696)	(420,106)	(7,432)	(6,433)
Promotional expenses		(190,622)	(291,453)	(10,574)	(5,197)
Impairment expense		-	-	(330,000)	-
Other expenses		(1,266,734)	(1,402,416)	(252,508)	(285,186)
(Deficit) before interest, depreciation, amortisation, and share of associates net surplus/(deficit) and taxation		(242,234)	(188,175)	(825,607)	(242,208)
Depreciation	8	19,392	26,274	-	-
Amortisation	10	1,662	708	-	-
(Deficit) before interest, share of associates net surplus/ (deficit) and taxation		(263,288)	(215,157)	(825,607)	(242,208)
Interest income	1	4,770	22,882	196,077	173,414
Interest expense		(48,039)	(69,219)	(33,451)	(35,342)
(Deficit) before share of associates net surplus and taxation		(306,557)	(261,494)	(662,981)	(104,136)
Share of associates' comprehensive income	6	51,468	(26,220)	84,065	(62,633)
(Deficit) before taxation		(255,089)	(287,714)	(578,916)	(166,769)
Taxation (expense)/benefit	3	91,155	77,716	32,092	5,232
(Deficit) after taxation		(163,934)	(209,998)	(546,824)	(161,537)
Other comprehensive income					
Movement in foreign currency translation reserve	13	62,841	62,836	-	-
Share of associates' other comprehensive income	6	(65,173)	(6,785)	(5,630)	(6,785)
Total comprehensive income		(166,266)	(153,947)	(552,454)	(168,322)
Earnings per share:					
Basic earnings/(loss) per share (cents)	16	(2.1)	(2.0)		

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 2010

	CONSOLIDATED			
	Share Capital	Foreign Currency Translation Reserve	Retained Earnings	Total Equity
Notes	\$	\$	\$	\$
Balance at 1 April 2008	5,582,099	(38,904)	(1,204,524)	4,338,671
Comprehensive income				
Net (deficit) after taxation	-	-	(209,998)	(209,998)
Other comprehensive income				
Movement in foreign currency translation reserve	-	62,836	-	62,836
Share of associates other comprehensive income	-	-	(6,785)	(6,785)
Total comprehensive income	-	62,836	(216,783)	(153,947)
Transactions with owners	-	-	-	-
Balance at 31 March 2009	5,582,099	23,932	(1,421,307)	4,184,724
Comprehensive income				
Net (deficit) after taxation	-	-	(163,934)	(163,934)
Other comprehensive income				
Movement in foreign currency translation reserve	-	62,841	-	62,841
Share of associates other comprehensive income	-	-	(65,173)	(65,173)
Total comprehensive income	-	62,841	(229,107)	(166,266)
Transactions with owners				
Issue of share capital	270,710	-	-	270,710
Total transactions with owners	270,710	-	-	270,710
Balance at 31 March 2010	5,852,809	86,773	(1,650,414)	4,289,168

	PARENT			
Balance at 1 April 2008	5,582,099	-	(2,390,619)	3,191,480
Comprehensive income				
Net (deficit) after taxation	-	-	(161,537)	(161,537)
Other comprehensive income				
Share of associates other comprehensive income	-	-	(6,785)	(6,785)
Total comprehensive income	-	-	(168,322)	(168,322)
Transactions with owners	-	-	-	-
Balance at 31 March 2009	5,582,099	-	(2,558,941)	3,023,158

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 2010

	PARENT			
	Share Capital	Foreign Currency Translation Reserve	Retained Earnings	Total Equity
Notes	\$	\$	\$	\$
Comprehensive income				
Net (deficit) after taxation	-	-	(546,824)	(546,824)
Other comprehensive income				
Share of associates other comprehensive income	-	-	(5,630)	(5,630)
Total comprehensive income	-	-	(552,454)	(552,454)
Transactions with owners				
Issue of share capital	270,710	-	-	270,710
Total transactions with owners	270,710	-	-	270,710
Balance at 31 March 2010	5,852,809	-	(3,111,395)	2,741,414

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 2010

	Notes	CONSOLIDATED		PARENT	
		As at 31 March 2010 \$	As at 31 March 2009 \$	As at 31 March 2010 \$	As at 31 March 2009 \$
EQUITY					
Share capital	12	5,852,809	5,582,099	5,852,809	5,582,099
Accumulated surplus / (deficit)	14	(1,650,414)	(1,421,307)	(3,111,395)	(2,558,941)
Foreign currency translation reserve	13	86,773	23,932	-	-
Total Equity		4,289,168	4,184,724	2,741,414	3,023,158
Represented by:					
CURRENT ASSETS					
Cash & cash equivalents		46,399	81,260	(95,547)	(91,647)
Receivables & prepayments		634,409	1,097,415	3,980	6,071
Inventory	15	1,709,865	1,788,255	-	-
Total Current Assets		2,390,673	2,966,930	(91,567)	(85,576)
CURRENT LIABILITIES					
Trade creditors		1,103,584	1,235,572	11,093	14,314
Other payables & accruals	11	411,413	289,784	214,246	171,012
Taxation payable	3	48,701	(59,149)	(1,408)	(2,026)
Current portion of loan	17	148,325	294,308	79,568	165,275
Total Current Liabilities		1,712,023	1,760,515	303,499	348,575
WORKING CAPITAL					
		678,650	1,206,415	(395,066)	(434,151)
NON-CURRENT ASSETS					
Deferred tax	3	302,964	137,688	55,995	23,904
Property plant & equipment	8	83,474	99,130	-	-
Intangible assets	10	2,487	1,399	-	-
Goodwill	9	696,472	696,472	-	-
Investment		13,041	13,041	-	-
Investment in associates	6	2,360,131	2,163,100	1,322,472	1,244,037
Investment in subsidiaries	19	-	-	2,432,857	2,762,857
Related party receivables	5	155,928	49,844	(670,865)	(458,764)
Total Non-Current Assets		3,614,497	3,160,674	3,140,459	3,572,034
NON-CURRENT LIABILITIES					
Non-current portion of loan	17	3,979	182,365	3,979	114,725
Total Non-Current Liabilities		3,979	182,365	3,979	114,725
NET ASSETS					
		4,289,168	4,184,724	2,741,414	3,023,158

For and on behalf of Board of Directors



J R Mowbray - MANAGING DIRECTOR



M C Radford - CHAIRMAN

25 June 2010

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 2010

	Notes	CONSOLIDATED		PARENT	
		Year Ended 31 March 2010	Year Ended 31 March 2009	Year Ended 31 March 2010	Year Ended 31 March 2009
		\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash was provided from (applied to)					
Receipts from customers		3,996,601	4,125,645	2,092	(291)
Interest received		4,770	22,882	2,569	5,238
Other revenue		71,499	61,498	1,641	4,799
Dividends received		16,283	900	14,123	-
Payments to suppliers		(2,627,791)	(3,287,444)	(232,105)	(290,444)
Payments to employees		(1,228,257)	(1,306,846)	(286,777)	(243,849)
Interest paid		(48,039)	(69,219)	(33,451)	(35,342)
Taxation paid		33,729	(91,144)	619	38,927
Net cash flow from operating activities	21	218,795	(543,728)	(531,289)	(520,962)
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash was provided from (applied to)					
Purchase of investments		-	(13,041)	-	-
Purchase of plant & equipment		2,867	(13,375)	-	-
Net cash flows from investing activities		2,867	(26,416)	-	-
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash was provided from (applied to)					
Shares Issued		270,710	-	270,710	-
Dividend (paid)		-	-	-	-
Loans received / (repaid)		(535,104)	165,480	256,679	678,534
Net cash flow from financing activities		(264,394)	165,480	527,389	678,534
Net increase / (decrease) in cash held		(42,732)	(404,664)	(3,900)	157,572
Cash & cash equivalents at beginning of year		81,260	459,066	(91,647)	(249,219)
Effect of exchange rate change on cash & cash equivalents	13	7,871	26,858	-	-
Cash & cash equivalents at end of year		46,399	81,260	(95,547)	(91,647)
Comprising:					
Cash at bank - New Zealand		(9,868)	(47,481)	(95,547)	(91,951)
- Australia		56,267	128,741	-	304
		46,399	81,260	(95,547)	(91,647)

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 2010

STATEMENT OF COMPLIANCE

The Company is registered under the Companies Act 1993 and is an issuer in terms of the Securities Act 1978.

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

New and amended standards adopted by the Group

The Group has adopted the following new and amended IFRSs as of 1 January 2009:

NZ IAS 1 Presentation of financial statements (revised) - effective 1 January 2009. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the Group presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. As the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

NZ IAS 23 Borrowing costs (revised) - effective 1 January 2009. The revised standard requires an entity to capitalise borrowings costs directly attributable to the acquisition, construction or production of a qualifying asset. The amendment is not presently applicable to the Group.

NZ IFRS 8 Operating segments - effective 1 January 2009. NZ IFRS 8 replaces IAS 14 'Segment Reporting', and requires a 'management approach'. This means the segments are to be presented on the same basis as that used for internal reporting purposes. In addition the segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker. The segment information note (refer note 20) reflects the adoption of this standard.

Relevant standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group with the exception of NZ IFRS 8

Improvements to NZ equivalents to international financial reporting standards (Approved May 2009) introduces amendments to a number of NZ standards which will result in accounting changes for presentation, recognition or measurement purposes. Amendments to certain standards are effective for accounting periods starting 1 July 2009 and 1 January 2010 for all other amendments. The amendments are expected to have a minimal impact on the Group.

NZ IAS 24 – Related party disclosures simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition. NZ IAS 24 is effective for accounting periods beginning 1 July 2011. The revision is not expected to have a material impact on the Group.

NZ IAS 27 – Consolidated and separate financial statements (amended) introduces a number of changes relating to changes in ownership interest in a subsidiary without loss of control, allocation of losses of a subsidiary and accounting for the loss of control of a subsidiary. NZ IAS 27 (amended) is effective for accounting periods beginning 1 July 2009. The standard is not expected to have any impact on the Group.

NZ IAS 32 – Amendment: Financial instrument: presentation – classification of rights issues clarifies the matter of classification of rights issues. NZ IAS 32 (Amendment) is effective for accounting periods beginning 1 February 2010. The amendment is not expected to have any impact on the Group.

NZ IAS 39 – Amendment: NZ equivalent to IAS 39 financial instruments: recognition and measurement – eligible hedged items clarifies existing principles that determine whether specific risks or portions of cash flows are eligible for designation in a hedging relationship. NZ IAS 39 (Amendment) is effective for accounting periods beginning 1 July 2009. The amendment is not expected to have an impact on the Group.

NZ IFRS 2 – Amendment: Group cash-settled share-based payment transactions require an entity receiving goods or services in either an equity-settled or a cash-settled share-based payment transaction to account

MOWBRAY COLLECTABLES LIMITED

STATEMENT OF ACCOUNTING POLICIES

for the year ended 31 March 2010

for the transaction in its separate or individual financial statements. The current standard requires attribution of group share-based payment transactions only if they are equity-settled. NZ IFRS 2 (Amendment) is effective for accounting periods beginning 1 January 2010. The amendment is not expected to have any impact on the Group.

NZ IFRS 3 – Business combinations (revised) introduces a number of changes, the most significant requiring to expense transaction costs and a choice to measure a non controlling interest at fair value or at its proportionate interest in the acquiree's net assets. NZ IFRS 3 (Revised) is effective for accounting periods beginning 1 July 2009. The standard is not expected to have any impact on the Group.

NZ IFRS 5 – Improvements to NZ equivalents to IFRS: plan to sell the controlling interest in a subsidiary. The standard is effective for accounting periods starting 1 July 2009 and is not expected to have an impact on the Group.

NZ IFRS 8, Operating segments (Amendment) The amendment to this standard removes the requirement to disclose segment assets where this information is not regularly reported to the chief operating decision-makers. NZ IFRS 8 (Amendment) is effective for accounting periods beginning 1 January 2010. The segment information presented in note 20 reflects this amendment.

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 IFRIC 14 – Amendment: The limit on a defined benefit asset, minimum funding requirements and their interaction clarifies the treatment of prepayment of future contributions when there is a minimum funding requirement. NZ IFRIC 14 (Amendment) is effective for accounting periods beginning 1 January 2011. The amendment is not expected to impact the Group.

NZ IFRIC 17 - Distributions of non-cash assets to owners outlines how an entity should measure distributions of assets, other than cash, as a dividend to its owners as owners acting in their capacity as owners. NZ IFRIC 17 is effective for accounting periods beginning 1 July 2009. The interpretation is not expected to have any impact on the Group.

NZ IFRIC 18 – Transfers of assets from customers provides guidance on the transfer of assets or cash received from customers. NZ IFRIC 18 is effective for accounting periods beginning 1 July 2009. The interpretation is not expected to have any impact on the Group.

NZ IFRIC 19 – Extinguishing financial liabilities with equity instruments covers accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability. NZ IFRIC 19 is effective for accounting periods beginning 1 July 2010. The interpretation is not expected to have an impact on the Group.

REPORTING ENTITY & PERIOD

For the results for the year ended 31 March 2010 the Mowbray Collectables Limited Group comprises the following entities:

- Mowbray Collectables Limited (Parent)
- Mowbray Bethunes Limited
- World Wide Fund for Nature Stamp Program (New Zealand Agency)
- Auction Investments Limited
- Mowbrays Australia Pty Limited
- 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.

MOWBRAY COLLECTABLES LIMITED

STATEMENT OF ACCOUNTING POLICIES

for the year ended 31 March 2010

CRITICAL JUDGEMENTS IN APPLYING THE ENTITY'S ACCOUNTING POLICIES

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

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

KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Mowbrays Australia Pty Limited has recorded a significant loss this year. Despite a rationalisation of operations the auction activity has proved to be weak and well below our budget expectations for the year. In accordance with the accounting policy, the board has reduced the carrying value of the investment by \$330,000 to \$332,000. The value is based on a combination of fair value less costs to sell and value in use, and is made up of net sales proceeds of assets as determined by an arms length sale and purchase agreement, the fair value of realisable deferred tax assets of \$244k discounted at 12.5% over two years and a conservative estimate of the expected value of the settlement of an existing legal claim in relation to lease costs. The board have negotiated the sale of Mowbrays Australia.

SPECIFIC ACCOUNTING POLICIES

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

(a) Comparative Amounts

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

(b) Translation of Financial Statements of Foreign Operations

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

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

(c) Consolidation of Subsidiaries

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

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

MOWBRAY COLLECTABLES LIMITED

STATEMENT OF ACCOUNTING POLICIES

for the year ended 31 March 2010

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

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

(d) Revenue Recognition

Sale of Goods

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

Dividend Revenue

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

Interest Revenue

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

Commission Income

Commission Income is recorded at the completion of an auction when Mowbray Collectables 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 straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

(f) Taxation

Current Tax

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

Deferred Tax

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

MOWBRAY COLLECTABLES LIMITED

STATEMENT OF ACCOUNTING POLICIES

for the year ended 31 March 2010

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.

Current and deferred tax for the period

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

(g) Equity Accounting of Associate Entities

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

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

(h) Foreign Currency Transactions

Transactions denominated in foreign currencies are translated into the reporting currency using the exchange rate in effect at the transaction date. Exchange differences on foreign currency balances are recognised in the Balance Sheet. Foreign Currency monetary items at reporting date are translated at the exchange rate existing at reporting date.

(i) Financial Instruments

Mowbray Collectables is party to financial instruments in the form of 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 provision 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 statement of comprehensive income.

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

MOWBRAY COLLECTABLES LIMITED

STATEMENT OF ACCOUNTING POLICIES

for the year ended 31 March 2010

(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 are recorded at historical cost less depreciation to date.

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%

(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.

(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.

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

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

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

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

MOWBRAY COLLECTABLES LIMITED

STATEMENT OF ACCOUNTING POLICIES

for the year ended 31 March 2010

(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.

Company as Lessee

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

(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. 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 2010

1. Total Revenue	CONSOLIDATED		PARENT	
	Year Ended 31 March 2010	Year Ended 31 March 2009	Year Ended 31 March 2010	Year Ended 31 March 2009
	\$	\$	\$	\$
Turnover	2,643,879	2,654,773	-	-
Auction commission	955,240	1,352,398	-	-
Management fees from subsidiaries	15,124	28,077	47,524	77,417
Dividend received	16,283	900	14,123	221,040
Sundry revenue	56,375	32,444	37	-
Operating revenue	3,686,901	4,068,592	61,684	298,457
Interest income	4,770	22,882	196,077	173,414
	3,691,671	4,091,474	257,761	471,871
2. (Deficit) before Taxation	CONSOLIDATED		PARENT	
Included in the (deficit) before taxation are the following expenses				
Audit fees	55,284	54,905	55,284	54,905
Bad debts	11,330	9,495	-	-
Directors' fees	44,652	38,000	38,376	38,000
Legal fees	7,208	7,663	350	6,130
Operating lease rental expenses	358,958	329,138	-	-
Cost of goods sold	816,826	835,946	-	-
Donations made	251	1,430	-	-
3. Taxation	CONSOLIDATED		PARENT	
(a) <i>Taxation recognised in the statement of comprehensive income</i>				
Taxation (expense)/income comprises				
Current tax (expense) / income	(63,650)	(8,842)	-	(8)
Deferred (tax) / income relating to the origination and reversal of temporary differences	154,805	86,558	32,092	5,240
Total tax (expense) / income	91,155	77,716	32,092	5,232
(Loss) from continuing operations	(306,557)	(261,494)	(662,981)	(104,136)
Taxation refund/(expense) calculated at 30%	91,967	78,448	198,894	31,241
Foreign exchange movement	-	1,992	-	-
Prior period adjustment	-	(1,290)	-	(8)
Non-assessable income	-	-	-	66,313
Non-deductible expenses	(812)	(1,435)	(99,000)	(67)
Group loss offsets	-	-	(67,802)	(92,246)
Total tax (expense) / income	91,155	77,715	32,092	5,232

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by New Zealand corporate entities on taxable profits under New Zealand tax law.

MOWBRAY COLLECTABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

3. Taxation cont.	CONSOLIDATED		PARENT	
	Year Ended 31 March 2010	Year Ended 31 March 2009	Year Ended 31 March 2010	Year Ended 31 March 2009
	\$	\$	\$	\$
(b) <i>Current tax assets and liabilities</i>				
Current tax liabilities / (assets):				
Tax refund / (receivable)	48,701	(59,149)	(1,408)	(2,025)
(c) <i>Deferred tax balances</i>				
Deferred tax asset comprise:				
Temporary differences	302,964	137,688	55,995	23,904

Taxable and deductible temporary differences arise from the following:

	CONSOLIDATED 2010			
	Opening balance	Charged to income	Exchange differences	Closing balance
Gross deferred tax assets:				
Employee entitlements	458,966	452,014	34,899	945,879
Property, plant and equipment	-	-	-	-
Other expenses	-	64,001	-	64,001
	458,966	516,015	34,899	1,009,880

	CONSOLIDATED 2009			
	Opening balance	Charged to income	Exchange differences	Closing balance
Employee entitlements	170,439	283,670	4,857	458,966
Property, plant and equipment	-	-	-	-
	170,439	283,670	4,857	458,966

	PARENT 2010			
	Opening balance	Charged to income	Exchange differences	Closing balance
Gross deferred tax assets:				
Employee entitlements	79,681	42,968	-	122,652
Other expenses	-	64,001	-	64,001
	79,681	106,969	-	186,650

	PARENT 2009			
	Opening balance	Charged to income	Exchange differences	Closing balance
Gross deferred tax assets:				
Employee entitlements	62,214	17,467	-	79,681

MOWBRAY COLLECTABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

3. Taxation cont.	CONSOLIDATED		PARENT	
	Year Ended 31 March 2010	Year Ended 31 March 2009	Year Ended 31 March 2010	Year Ended 31 March 2009
	\$	\$	\$	\$
(d) <i>Imputation credit account balances</i>				
Balance at beginning of the year	133,394	55,267	84,702	14,758
Imputation credits attached to dividends received	967	386	-	108,871
Other credits	-	-	-	-
Imputation credits attached to dividends paid	-	-	-	-
Taxation paid	25,706	82,094	1,407	-
Taxation refunded	(59,918)	(4,353)	(2,026)	(4,353)
Other debits	-	-	-	(34,574)
Balance at end of the year	100,149	133,394	84,083	84,702

4. Remuneration of Auditors	CONSOLIDATED		PARENT	
Audit of the parent entity				
Audit of the financial statements	55,284	54,905	55,284	54,905
Other non-audit services	-	-	-	-
	55,284	54,905	55,284	54,905

The auditor of Mowbray Collectables is PKF Martin Jarvie.

5. Related Parties

(a) Parent Entities

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

(b) Equity interests in related parties

Equity interests in subsidiaries

Details of the percentage of ordinary shares held in the subsidiaries are disclosed in note 19 to the financial statements.

Equity interests in associates

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

(c) Transactions

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

Parent company income received from its subsidiaries totalled \$47,524 (2009: \$84,436) and comprised of management fees charged to First East Auctions Holdings Pty Ltd (\$15,124), Wildlife Philatelic Collections Pty Limited (\$32,400), and Mowbrays Australia Pty Limited (\$Nil). Interest was charged between Mowbray Collectables Limited and Auction Investments Limited \$193,508 (2009: \$168,176). A fully imputed dividend was paid from Mowbray Bethunes Limited to Mowbray Collectables Limited of \$Nil (2009: \$329,911). There were no purchases from subsidiaries.

MOWBRAY COLLECTABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

5. Related Parties cont.

During the year J.R. Mowbray Philatelist purchased stock from House of Stamps (\$4,223), and made sales to Wildlife Philatelic Collection Pty Limited (\$15,236).

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.

Andrew Pitt, a director of Wildlife Philatelic Collections Pty Limited, provides management services of \$11,618 (2009: \$14,607), and fulfilment services of \$93,071 (2009: \$90,299) 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 \$27,536 (2009: \$24,650) to Barlow International Pty Limited.

Outstanding balances

Amounts outstanding between the company and related parties are:

	CONSOLIDATED		PARENT	
	Year Ended 31 March 2010	Year Ended 31 March 2009	Year Ended 31 March 2010	Year Ended 31 March 2009
	\$	\$	\$	\$
Mowbray Bethunes Limited	-	580	(1,901,750)	(1,325,434)
World Wide Fund for Nature Stamp Program	-	-	(100,610)	(100,610)
Mowbrays Australia Pty Limited	98,316	33,844	2,062	(116,236)
Wildlife Philatelic Collections Pty Limited	-	-	(906,078)	(716,430)
Auction Investments Limited	-	-	2,271,599	1,867,356
First East Auction Holdings Pty Limited	25,975	3,651	25,975	3,651
Agencies	31,637	11,769	(62,063)	(71,061)
	155,928	49,844	(670,865)	(458,764)

- 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 three agency agreements with Tokelau Philatelic Bureau (Tokelau), Children's Health Camp (CHC) and New Zealand Post (NZ Post) respectively.
- The Group is entitled to a share of the profits derived under their agency agreements with Tokelau and CHC. In addition the Group charges management fees for administering these arrangements. The Group recognises the management fees and profit share under these arrangements in these financial statements.
- The Group has an agreement to supply, at a reduced rate, chapters and albums to NZ Post. Under the agreement, the Group receives a share of the profits from sales made by NZ Post. The sales to NZ Post and the Group's profit share are recognised in these financial statements.
- The National Bank has provided a guarantee of \$75,000 to New Zealand Exchange Limited on behalf of the Group. The bank holds a personal guarantee from John Mowbray to cover this obligation.
- The premises in Otaki that are used by the Group are owned by or leased from entities associated with John Mowbray. Rent was set by an independent valuer. Leases were signed by the directors on 18 December 2000.

MOWBRAY COLLECTABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

5. Related Parties cont.	CONSOLIDATED		PARENT	
	Year Ended 31 March 2010	Year Ended 31 March 2009	Year Ended 31 March 2010	Year Ended 31 March 2009
	\$	\$	\$	\$
Rent paid was	91,344	92,605	-	-

6. Investments in Associates			CONSOLIDATED		
		Ownership and Voting Interest		Carrying Amount	
Name of Company	Principal Activities	2010	2009	2010	2009
		%	%	\$	\$
Peter Webb Galleries Limited	NZ auctioneer	49	49	1,322,472	1,244,037
First East Auction Holdings Pty Limited	Australian auctioneer	20	20	1,037,659	919,063
				2,360,131	2,163,100

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.

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

Carrying amount of Investment in Associates

	CONSOLIDATED		PARENT	
	Year Ended 31 March 2010	Year Ended 31 March 2009	Year Ended 31 March 2010	Year Ended 31 March 2009
	\$	\$	\$	\$
Carrying amount at beginning of year	2,163,100	2,196,105	1,244,037	1,313,455
Advance made during the year	210,736	-	-	-
Share of net surplus/(deficit)	(13,705)	(33,005)	78,435	(69,418)
Carrying amount at end of year	2,360,131	2,163,100	1,322,472	1,244,037
Goodwill in the carrying amount in associates	1,976,091	1,976,091	894,227	894,227

MOWBRAY COLLECTABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

7. Summarised financial information of associates:	CONSOLIDATED		PARENT	
	Year Ended 31 March 2010	Year Ended 31 March 2009	Year Ended 31 March 2010	Year Ended 31 March 2009
	\$	\$	\$	\$
Current assets	6,362,264	4,262,655	3,234,143	2,109,812
Non-current assets	11,565,323	6,122,552	574,156	348,262
Current liabilities	8,418,535	6,269,978	2,721,654	1,744,520
Non-current liabilities	7,607,433	2,614,696	-	-
Net assets	1,901,619	1,500,534	1,086,645	713,555
Revenue	20,214,083	14,859,286	3,170,742	2,825,791
Net Profit	(300,629)	(28,915)	160,071	(141,670)

8. Property, Plant & Equipment	CONSOLIDATED				
	Leasehold improvement	Office furniture & equipment	Plant and equipment	Computer equipment	Total
	\$	\$	\$	\$	\$
Gross carrying amount					
Balance at 1 April 2008	63,800	153,147	181,201	35,027	433,175
Additions	-	582	7,151	3,955	11,688
Balance at 31 March 2009	63,800	153,729	188,352	38,982	444,863
Additions	-	1,879	(7,496)	-	(5,617)
Balance at 31 March 2010	63,800	155,608	180,856	38,982	439,246
Accumulated depreciation and impairment					
Balance at 1 April 2008	29,252	113,634	143,305	32,724	318,915
Depreciation expense	7,374	5,162	12,473	1,265	26,274
Foreign currency exchange dif.	-	(1,338)	(989)	-	(2,327)
Loss on sale of fixed assets	828	221	1,413	409	2,871
Balance at 31 March 2009	37,454	117,679	156,202	34,398	345,733
Depreciation expense	4,954	3,978	8,202	2,258	19,392
Foreign currency exchange difference	-	(1,872)	(1,209)	-	(3,081)
Loss on sale of fixed assets	-	-	(6,272)	-	(6,272)
Balance at 31 March 2010	42,408	119,785	156,923	36,656	355,772
Net book value					
As at 31 March 2009	26,346	36,050	32,150	4,584	99,130
As at 31 March 2010	21,392	35,823	23,933	2,326	83,474

MOWBRAY COLLECTABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

8. Property, Plant & Equipment (Cont.)	PARENT	
	Computer equipment	Total
	\$	\$
Gross carrying amount		
Balance at 1 April 2008	5,533	5,533
Additions	-	-
Balance at 31 March 2009	5,533	5,533
Additions	-	-
Balance at 31 March 2010	5,533	5,533
Accumulated depreciation and impairment		
Balance at 1 April 2008	5,382	5,382
Depreciation expense	-	-
Loss on sale of fixed assets	151	151
Balance at 31 March 2009	5,533	5,533
Depreciation expense	-	-
Loss on sale of fixed assets	-	-
Balance at 31 March 2010	5,533	5,533
Net book value		
As at 31 March 2009	-	-
As at 31 March 2010	-	-

9. Goodwill	CONSOLIDATED		PARENT	
	Year Ended 31 March 2010	Year Ended 31 March 2009	Year Ended 31 March 2010	Year Ended 31 March 2009
	\$	\$	\$	\$
Gross carrying amount				
Balance at beginning of year	696,472	696,472	-	-
Other	-	-	-	-
Balance at end of year	696,472	696,472	-	-
Accumulated impairment losses				
Balance at beginning of year	-	-	-	-
Impairment losses for the year	-	-	-	-
Balance at end of year	-	-	-	-
Net book value				
At the beginning of the year	696,472	696,472	-	-
At the end of the year	696,472	696,472	-	-

MOWBRAY COLLECTABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

9. Goodwill cont.**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

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

	CONSOLIDATED	
	Year Ended 31 March 2010	Year Ended 31 March 2009
	\$	\$
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**J R Mowbray Philatelist**

This division is the main income generating unit of the New Zealand divisions and has demonstrated consistent and significant profits since the company was floated in 2000. The sales trends over the past three years have been increasing at approximately 7% per annum and the sales mix of both international and New Zealand market has been maintained. The influence of international currency fluctuations has been insignificant. The recoverable amount has been determined based on the value in use calculation which uses cash flow projections based on financial budgets approved by the Directors covering a four year period and discount rate of 12%.

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 2010. The division does not purchase inventory and requires very little in the way of tangible fixed assets to operate. The recoverable amount has been determined based on the value in use calculation which uses cash flow projections based on financial budgets approved by the Directors covering a four year period and discount rate of 12%.

House of Stamps

This division is also linked in its performance with J R Mowbray Philatelist, but with a different range of products and services. The staff also have to participate in the international auction activities. We have allocated an additional 0.5% to the WACC to allow for size factors. The recoverable amount has been determined based on the value in use calculation which uses cash flow projections based on financial budgets approved by the Directors covering a four year period and discount rate of 12.5%.

MOWBRAY COLLECTABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

9. Goodwill cont.

Wildlife Philatelic Collections Pty Limited

This is a standalone business operation based in Australia which has developed and maintained a consistent earnings record over a number of years. Although it is a single product operation it does have sole rights to the sale and distribution of WWF stamps within Australia. Recent marketing initiatives utilising selected television media have resulted in additional sales and hopefully long term repeat customers. The recoverable amount has been determined based on the value in use calculation which uses cash flow projections based on financial budgets approved by the Directors covering a four year period and discount rate of 12.5%.

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 WPC Australia. The recoverable amount has been determined based on the value in use calculation which uses cash flow projections based on financial budgets approved by the Directors covering a four year period and discount rate of 13%.

Cash flows beyond 2014 have been extrapolated using a steady growth of 3% for all cash generating units.

10. Intangible Assets	CONSOLIDATED		PARENT	
		\$		\$
<i>Software</i>				
Gross carrying amount				
Balance at 1 April 2008		29,476		-
Additions		1,687		-
Balance at 31 March 2009		31,163		-
Additions		2,750		
Balance at 31 March 2010		33,913		
Accumulated amortisation and impairment				
Balance at 1 April 2008		29,056		-
Amortisation		708		-
Balance at 31 March 2009		29,764		-
Amortisation		1,662		
Balance at 31 March 2010		31,426		
Net book value				
As at 31 March 2009		1,399		-
As at 31 March 2010		2,487		

11. Other Payables and Accruals	CONSOLIDATED		PARENT	
	Year Ended 31 March 2010	Year Ended 31 March 2009	Year Ended 31 March 2010	Year Ended 31 March 2009
	\$	\$	\$	\$
Other payables and accruals	129,149	192,294	71,063	78,523
Employee entitlements	282,264	97,489	143,183	92,489
Total other payables and accruals	411,413	289,785	214,246	171,011

MOWBRAY COLLECTABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

12. Share Capital	CONSOLIDATED & PARENT			
	Year Ended 31 March 2010		Year Ended 31 March 2009	
	Number	\$	Number	\$
Company and Group				
Ordinary Shares – fully paid				
Balance at beginning of year	10,855,523	5,582,099	10,855,523	5,582,099
Issue of shares	300,000	270,710	-	-
Share capital at end of year	11,155,523	5,852,809	10,855,523	5,582,099

All shares are fully paid and have equal voting rights. All shares participate equally in any dividend distribution or any surplus on the winding up of the Company. The shares have no par value.

13. Foreign Currency Translation Reserve	CONSOLIDATED		PARENT	
	Year Ended 31 March 2010	Year Ended 31 March 2009	Year Ended 31 March 2010	Year Ended 31 March 2009
	\$	\$	\$	\$
Balance at beginning of year	23,932	(38,904)	-	-
Effect of exchange rate change on foreign currency balance	51,887	33,653	-	-
Arising on translation of independent foreign operations	10,954	29,183	-	-
Balance at end of year	86,773	23,932	-	-

14. Accumulated Surplus/(Deficit)	CONSOLIDATED		PARENT	
Balance at beginning of year	(1,421,307)	(1,204,524)	(2,558,941)	(2,390,619)
Dividend paid to shareholders	-	-	-	-
Surplus/(deficit) for period after taxation	(229,107)	(216,783)	(552,454)	(168,322)
Accumulated surplus/(deficit) at end of year	(1,650,414)	(1,421,307)	(3,111,395)	(2,558,941)

15. Inventory	CONSOLIDATED		PARENT	
Auction inventory	1,441,946	1,516,778	-	-
WWF Chapters on hand	267,919	271,477	-	-
Inventory in transit	-	-	-	-
Other	-	-	-	-
Total Inventory	1,709,865	1,788,255	-	-

MOWBRAY COLLECTABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

16. Earnings per Share	CONSOLIDATED	
	Year Ended 31 March 2010	Year Ended 31 March 2009
The earnings and weighted average number of ordinary shares are as follows:		
Earnings	(\$229,107)	(\$216,783)
Weighted average number of ordinary shares for the purpose of basic earnings per share	10,933,023	10,855,523
Earnings / (loss) per share (cents)	(2.1)	(2.0)
Distributions to shareholders	-	-
Amount per share	-	-

17. Loans	CONSOLIDATED		PARENT	
	Year Ended 31 March 2010	Year Ended 31 March 2009	Year Ended 31 March 2010	Year Ended 31 March 2009
	\$	\$	\$	\$
J.R. Mowbray	30,000	180,000	30,000	180,000
Loan from National Bank	122,304	296,673	53,547	100,000
Repayable as follows:				
J.R. Mowbray	30,000	118,843	30,000	118,843
National Bank - 1003	49,568	46,432	49,568	46,432
National Bank - 1002	68,757	129,033	-	-
Current	148,325	294,308	79,568	165,275
J.R. Mowbray	-	61,157	-	61,157
National Bank - 1003	3,979	53,568	3,979	53,568
National Bank - 1002	-	67,640	-	-
Non Current	3,979	182,365	3,979	114,725
Total	152,304	476,673	83,547	280,000

J.R Mowbray	National Bank - 1003	National Bank - 1002
Repayment: \$10,000 per month	Repayment: \$4,321.10 per month	Repayment: \$11,779.72 per month
Interest Rate: 1% per month	Interest Rate: 7.26% per annum	Interest Rate: 9.72%
	Security: First Priority General Security Agreement over all assets of Mowbray Collectables Ltd	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 2010

18. Operating Lease Commitments	CONSOLIDATED		PARENT	
	Year Ended 31 March 2010	Year Ended 31 March 2009	Year Ended 31 March 2010	Year Ended 31 March 2009
	\$	\$	\$	\$
Commitments in respect of non-cancellable operating leases:				
Later than one year and not later than two years	123,344	311,912	-	-
Later than two years and not later than five years	91,344	168,804	-	-
	-	-	-	-
	214,688	480,716	-	-

19. Investment in Subsidiaries	Carrying Values	Carrying Values	Principal Activities	Balance Date	Country of Incorporation
	2010	2009			
Subsidiaries owned at 31 March 2010	\$	\$			
Mowbray Bethunes Limited	1,151,220	1,151,220	Stamp, philatelic, rare book dealer, retailer & auctioneer	31 March	New Zealand
World Wide Fund for Nature Stamp Program (New Zealand Agency)	139,230	139,230	International stamp program agency	31 March	New Zealand
Wildlife Philatelic Collections Pty Limited	809,550	809,550	International stamp program agency	31 March	Australia
Mowbrays Australia Pty Limited	332,857	662,857	International stamp auctioneer	31 March	Australia
Auction Investments Limited	-	-	Holding company	31 March	New Zealand
	2,432,857	2,762,857			

The percentage holding in all subsidiaries at 31 March 2010 is 100% (2009: 100%).

20. 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 our own material and on behalf of vendors. The postal auction process involves our own purchased and processed product. In Australia all material auctioned is on behalf of vendors.

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 included 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 2010

20. Segment Information cont.

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 is 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.

20. Segmental Information	CONSOLIDATED			
	Auction segment 2010	Retail segment 2010	All other segments 2010	Total NZ 2010
	\$	\$	\$	\$
Revenue				
Turnover	1,485,775	283,732	-	1,769,507
Auction commission	314,911	-	-	314,911
Dividends	2,160	-	14,123	16,283
Sundry Revenue	33,414	3,538	37	36,989
Management Fees	-	-	15,124	15,124
Operating Revenue	1,836,260	287,270	29,284	2,152,814
Purchases	323,425	155,351	-	478,776
Employee Benefits	386,109	67,919	286,775	740,803
Finance income	3,845	-	-	3,845
Finance cost	14,588	-	33,451	48,039
Depreciation (note 8)	11,371	-	-	11,371
Amortisation (note 10)	1,662	-	-	1,662
Segment profit before taxation	580,168	50,067	(540,195)	90,040

MOWBRAY COLLECTABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

20. Segmental Information (cont.)	CONSOLIDATED			
	Auction segment 2010	Retail segment 2010	Total Australia 2010	Total 2010
	\$	\$	\$	\$
Revenue				
Turnover	49,164	825,208	874,372	2,643,879
Auction commission	640,329	-	640,329	955,240
Dividends	-	-	-	16,283
Sundry Revenue	19,386	-	19,386	56,375
Management Fees	-	-	-	15,124
Operating Revenue	708,879	825,208	1,534,087	3,686,901
Purchases	14,283	290,377	304,660	783,436
Employee Benefits	487,454	-	487,454	1,228,257
Finance income	911	14	925	4,770
Finance cost	-	-	-	48,039
Depreciation (note 8)	7,176	845	8,021	19,392
Amortisation (note 10)	-	-	-	1,662
Segment profit before taxation	(546,632)	136,327	(410,305)	(320,265)

	CONSOLIDATED			
	Auction segment 2009	Retail segment 2009	All other segments 2009	Total NZ 2009
	\$	\$	\$	\$
Revenue				
Turnover	1,412,070	295,571	-	1,707,641
Auction commission	245,294	-	-	245,294
Dividends	900	-	-	900
Sundry Revenue	2,852	-	-	2,852
Management Fees	-	-	28,077	28,077
Operating Revenue	1,661,116	295,571	28,077	1,984,764
Purchases	225,092	149,290	-	374,382
Employee Benefits	343,505	65,198	243,849	652,552
Finance income	0	81	5,238	5,319
Finance cost	33,877	-	35,342	69,219
Depreciation (note 8)	13,754	-	-	13,754
Amortisation (note 10)	708	-	-	708
Segment profit before taxation	446,566	51,780	(519,630)	(21,284)

MOWBRAY COLLECTABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

20. Segmental Information (cont.)	CONSOLIDATED			
	Auction segment 2009	Retail segment 2009	Total Australia 2009	Total 2009
	\$	\$	\$	\$
Revenue				
Turnover	132,930	814,202	947,132	2,654,773
Auction commission	1,107,104	-	1,107,104	1,352,398
Dividends	-	-	-	900
Sundry Revenue	29,592	-	29,592	32,444
Management Fees	-	-	-	28,077
Operating Revenue	1,269,626	814,202	2,083,828	4,068,592
Purchases	72,981	323,075	396,056	770,438
Employee Benefits	654,293	-	654,293	1,306,846
Finance income	17,445	118	17,563	22,882
Finance cost	-	-	-	69,219
Depreciation (note 8)	11,933	587	12,520	26,274
Amortisation (note 10)	-	-	-	708
Segment profit before taxation	117,356	(390,571)	(273,215)	(294,499)

21. Net Cash Flow from Operating Activities	CONSOLIDATED		PARENT	
	Year Ended 31 March 2010	Year Ended 31 March 2009	Year Ended 31 March 2010	Year Ended 31 March 2009
	\$	\$	\$	\$
Reconciliation of retained earnings Surplus/(deficit) with net cash flow from operating activities:				
Reported surplus/(deficit) after taxation	(229,107)	(216,783)	(552,454)	(168,322)
Non cash items:				
Depreciation	19,392	26,274	-	-
Amortisation	1,662	708	-	-
Impairment	-	-	330,000	-
Deferred tax asset	(165,276)	(86,556)	(32,091)	(5,240)
Management Fees	-	-	(47,524)	(77,417)
Interest	-	-	(193,508)	(168,176)
Dividend received	-	-	-	(221,040)
Foreign Exchange	51,887	33,653	-	-
Associated share of net surplus/(deficit)	13,705	33,005	(78,435)	69,418
	(78,630)	7,084	(21,558)	(402,455)

MOWBRAY COLLECTABLES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2010

21. Net Cash Flow from Operating Activities	CONSOLIDATED		PARENT	
	Year Ended 31 March 2010	Year Ended 31 March 2009	Year Ended 31 March 2010	Year Ended 31 March 2009
	\$	\$	\$	\$
Movements in working capital excluding movements relating to purchase of subsidiaries:				
(Increase)/decrease in inventories	78,390	65,508	-	-
(Increase)/decrease in receivables	356,922	66,239	2,092	(291)
Increase/(decrease) in payables	(131,988)	(352,129)	(3,221)	(9,288)
Increase/(decrease) in other payables & accruals	121,630	(34,214)	43,234	20,308
Increase/(decrease) in tax payable	107,850	(82,304)	618	38,936
	532,804	(336,899)	42,723	49,665
Movements in investment activities:				
Loss/(Gain) on Disposal of Fixed Assets	(6,272)	2,871	-	151
Net cash inflow/(outflow)	218,795	(543,727)	(531,289)	(520,962)

22 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 \$879,825 (2009: \$1,104,575).

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 2010

22 Financial Instruments (cont.)*Credit Risk*

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

In the normal course of its business, the Group and Company is exposed to little credit risk. Stock is only released on receipt of cleared funds. The maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial position. The Group's turnover was \$3,599,119 and there were \$11,330 of bad debts (0.31%). 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 operates 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. To maintain or alter the capital structure the Group and Company has 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.

23 Subsequent Events

On 23 June 2010, a sale and purchase agreement was signed for the sale of Mowbrays Australia, at a price which supports the estimated sales proceeds used to determine the carrying value of the investment.

Subsequent to balance date, the directors have declared a fully imputed dividend of 1.5 cents per share.

As these events occurred after the balance sheet date, the financial effect has not been recognised in these financial statements.

24 Commitments for Capital Expenditure

There were no commitments for expenditure as at 31 March 2010 (2009: \$Nil)

25. Contingent Liabilities and Assets

There were no Contingent Liabilities or Contingent Assets at 31 March 2010 (2009: \$Nil)

PKF Martin Jarvie
Chartered Accountants



Accountants &
Business Advisers

AUDIT REPORT TO THE SHAREHOLDERS OF MOWBRAY COLLECTABLES LIMITED AND SUBSIDIARIES

We have audited the financial report on pages 6 to 35. The financial report provides information about the past financial performance of Mowbray Collectables Limited and subsidiaries (the Group) and their financial position as at 31 March 2010. This information is stated in accordance with the accounting policies set out on pages 11 to 18.

Board of Directors' Responsibilities

The Board of Directors is responsible for the preparation of a financial report which gives a true and fair view of the financial position of the Group as at 31 March 2010 and the results of its operations and cash flows for the year ended on that date.

Auditor's Responsibilities

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

Basis of Opinion

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

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

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

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

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PKF Martin Jarvie is an independent member of PKF International

PKF Martin Jarvie
Chartered Accountants



Accountants &
Business Advisers

Unqualified Opinion

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

In our opinion:

- proper accounting records have been kept by the Group as far as appears from our examination of those records; and
- the financial report on pages 6 to 35 :
 - complies with generally accepted accounting practice in New Zealand; and
 - complies with International Financial Reporting Standards; and
 - gives a true and fair view of the financial position of Mowbray Collectables Limited and subsidiaries as at 31 March 2010 and the results of their operations and cash flows for the year ended on that date.

Our audit was completed on 25 June 2010 and our unqualified opinion is expressed as at that date.

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

PKF Martin Jarvie
Wellington

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PKF Martin Jarvie is an independent member of PKF International

MOWBRAY COLLECTABLES LIMITED

STATUTORY AND SHAREHOLDER INFORMATION

for the year ended 31 March 2010

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 June 2010:

Name	Number of Voting Securities
J. R. Mowbray	4,765,060
J. I. Urquhart	1,400,000
New Zealand Central Securities Depository Ltd	825,593
Sir Ronald Brierley	660,000

At 4 June 2010 the total issued voting securities was 11,155,523.

Largest Shareholders

The names of the 20 largest shareholders and their holdings as at 4 June 2010 were:

Name	Number of Shares Held	Percentage of Issued Shares
J. R. Mowbray	4,765,060	42.71%
J. I. Urquhart	1,400,000	12.55%
New Zealand Central Securities Depository Limited	825,593	7.40%
Sir Ronald Brierley	660,000	5.92%
S. M. Mowbray and R. A. Oldham	339,129	3.04%
Sinclair Long Term Holdings Limited	280,000	2.51%
Rotorua Perpetual Capital Fund Limited	252,927	2.27%
Hubbard Churcher Trust Management Limited	212,280	1.90%
Forsyth Barr Custodians Limited	176,147	1.58%
M. C. Radford	120,000	1.08%
Forsyth Barr Custodians Limited	114,220	1.02%
Dagger Nominees Limited	83,466	0.75%
C. Biggs	78,324	0.70%
Forsyth Barr Custodians Limited	78,259	0.70%
J. H. Oakley	77,000	0.69%
P. G. Gillespie, W. N. Gillespie, A. R. Short	70,000	0.63%
Private Nominees Limited	52,729	0.47%
PCS Investment Nominees Limited	50,600	0.45%
R. J. Dunlop, J. M. Dunlop	50,000	0.45%
Forsyth Barr Custodians Limited	46,000	0.41%
	9,731,734	87.24%

The total shares on issue at 4 June 2010 were 11,155,523.

MOWBRAY COLLECTABLES LIMITED

STATUTORY AND SHAREHOLDER INFORMATION

for the year ended 31 March 2010

Spread of Shareholders

The spread of shareholders as at 4 June 2010 was:

Holding Range	No. of Holders	Total Shares	Percentage
1 - 1,000	21	13,717	0.12%
1,001 - 5,000	183	383,533	3.44%
5,001 - 10,000	41	287,734	2.58%
10,001 - 100,000	49	1,325,183	11.88%
100,001 - 5,000,000	11	9,145,356	81.98%
Total	305	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:

	2010 No. of Shares	2009 No. of Shares					
J. R. Mowbray							
Opening balance	4,765,060	4,815,060					
Movements							
Sale of shares	-	(50,000)					
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	170,000					
Movements							
Sale of shares	-	(50,000)					
Closing balance	120,000	120,000					
D.K Heather							
Opening balance	-	-					
Movements							
Sale of shares	-	-					
Closing balance	-	-					
Note 1	In the 2010 year, John Mowbray's shareholding did not change. In addition he has a beneficial interest of 49,500 shares.	Note 2	In the 2010 year, I.J Halsted's shareholding did not change. In addition he has a beneficial interest of 126,500 shares.	Note 3	In the 2010 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 \$22,000 and I. J. Halsted \$16,000. J. R. Mowbray, as managing director, received a salary of \$166,298 and D.K Heather, as finance director, received a salary of \$105,322.

Employees' Remuneration

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

No. of Holders	2010	2009
\$100,000 - \$110,000	1	-
\$110,001 - \$120,000	-	-
\$120,001 - \$130,000	-	-
\$130,001 - \$140,000	-	-
\$140,001 - \$150,000	-	1
\$150,001 - \$170,000	1	-
TOTAL	2	1

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

We hold 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

36 Clarence Street, Sydney. Phone 0061 2 9299 1300
204-218 Dryburgh Street, North Melbourne. Phone 0061 3 9329 3939

Auctioneers of stamps and coins. Four sales held by each office annually.

6. WILDLIFE PHILATELIC COLLECTIONS PTY LTD

PO Box 107, Rosebery, Sydney.

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

INVESTMENTS

7. PETER WEBB GALLERIES LTD

18 Manukau Road, Newmarket, Auckland.

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

8. FIRST EAST AUCTION HOLDINGS PTY LTD

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

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

BOARD OF DIRECTORS

MURRAY RADFORD BCA, CA CHAIRMAN

Murray is Chairman and a shareholder of the company, holding 120,000 shares. He is a director of a number of private companies. Previously Murray worked in stockbroking for approximately 20 years and was a member of the Stock Exchange for 13 years.

JOHN MOWBRAY BCA MANAGING DIRECTOR

John is the largest shareholder of the company, holding 4,765,060. 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 a patron of Waikanae Rugby Club, Kapiti Philatelic Society, Chairman Horowhenua - Kapiti Rugby Union, a Director of the Hurricanes Rugby franchise, and recently appointed Chairman of the Mahara Gallery Trust.

IAN HALSTED DIRECTOR

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

DAVID HEATHER BCA FINANCE DIRECTOR

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

DIRECTORS

John Reader Mowbray
54 Winara Avenue
Waikanae

Ian Jeffrey Halsted
19A Lucerne Road
Remuera
Auckland

Murray Charles Radford
10 B Central Terrace
Wellington

David Keith Heather
29 Hona Street
Waikanae

Registered Office

247-253 Main Highway
Otaki

Communication Addresses

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Fax: (06) 364 8252
mowbray.stamps@xtra.co.nz
www.mowbraycollectables.co.nz

Bankers

The National Bank
of New Zealand
Corporate Wellington

Auditors

PKF Martin Jarvie
Wellington

Accountants

BDO Wellington Limited

Solicitors

Johnston Lawrence Limited
Wellington

Share Registrar

Link Market Services
P O Box 384
Ashburton



A handful of the so-called 'Post Office' stamps (also known as The " Post Office Mauritius", and popularly as the ' Blue Mauritius') came to light in the following years. By the 1890's, surrounded by an aura of mystery and rarity, with the added

spice of apparent error, they have taken hold in the public imagination as the most famous and expensive of their kind. Twenty-six (or perhaps twenty-seven) specimens survived the ravages of the waste paper basket to become, along with the dodo and its tropical beaches, one of Mauritius's main claims to fame

There was something intriguing in the idea of these plain little labels, intrinsically valueless, passing from hand to hand to increasingly wealthy hand. Millionaire collectors were driven to bag the stamps as if they were big game. The discovery of a 'Post Office' was long the ultimate goal of collectors at both ends of the philatelic spectrum. Soldiers, schoolboys and stamp collectors everywhere (the entire German nation even) became obsessed with uncovering the mysteries of the stamps or, better still, finding another one. There was always the chance that an overlooked specimen might turn up in any place in the world that had communicated with Mauritius in the late 1840s.

Towards the end of 1903 this happened when a civil servant in London, sorting through his papers, came across a two pence 'Post Office' in perfect condition. It had lain forgotten in his childhood collection for some forty years. The find attracted international interest and philatelists came from around the world, crowding into the auction rooms of Messrs Puttick and Simpson.

More than an hour into the auction, the restlessness which had pervaded the room stilled. A hush descended as the auctioneer took a deep breath: "Mauritius, lot 301, 1847 two pence Post Office, unused with large margins, a fine example". The stamp was less than an inch in height and width, and was indeed a fine example. Despite its age, the rich blue ink was still brilliant. No marks defaced the profile of the young Queen and the whole was intact, with large margins clear of the design.

The bidding started at £500 and rose rapidly, by hundreds, to twelve, thirteen, fourteen hundred. Charles J. Phillips, representing the Reichspostmuseum in Berlin declared himself out. The penultimate bidder threw up his hands in

frustration at the record bid of £1,450, and lot 301 was knocked down to an agent, Mr J. Crawford .

Shortly afterwards, in conversation with the Prince of Wales, one of the royal courtiers remarked, 'Did your Royal Highness hear that some damned fool has just paid £1,450 for a single stamp?'

'Yes,' the future George V is reputed to have replied. ' I was the damned fool.'

Long before this, a London newspaper had described the auction prices of stamps as 'a contribution to the history of human folly'. Stamp collectors were thought a little strange. Yet the hobby soon eclipsed all others as the most popularly practised global pastime

Its charms and benefits are indeed many. Stamp collecting can be instructive - encouraging a knowledge of zoology, history, geography, art, botany, languages and politics - as well as enjoyable. Part of the appeal is visual and part historical, both in the interest in the changing design aesthetic and stamp production, and in the reflections, in these miniature portraits, of people, places and events. Through the collecting of letters and envelopes bearing stamps and other postal markings, serious lobbyists (philatelists) research and development of postal systems and practices. There are many ways the hobby can be pursued. One collector dispenses with the term ' stamp collecting' and 'philately' when he lectures on his favourite pastime, entitling his talks simply 'curiosity'

Then there is the thrill of the hunt - the sense of achievement when gaps are filled. The pursuit and the find drive much collecting. For philatelists particularly, a desire for complexity linked to the challenge is also important. And ever present, underlying the pursuit, is the hope of discovering buried paper treasure - the rare stamp.

Ninety years after the Prince of Wales paid a record price for a schoolboy's 'Blue Mauritius', a consortium of Mauritian companies paid \$2.3 million for two specimens of the rare 'Post Office' stamps. They have become one of the most documented of all postal issues, a byword for rarity, fame, wealth and mystery. Each new discovery inspired potted biographies, attended always by rumour and speculation. The most coveted scraps of paper in existence, this is their story, an adventure that began at a fancy-dress ball during turbulent times on a tropical island, taking them from Port Louis to Bordeaux, India, and Great Britain, into the hearts and imagination of collectors everywhere

Extracted from *Blue Mauritius: The Hunt for the World's Most Valuable Stamps* by Helen Morgan, published by Atlantic Books.

Postscript: The play "Mauritius" by Theresa Rebeck opens at the Circa Theatre in Wellington 4th June 2010.

