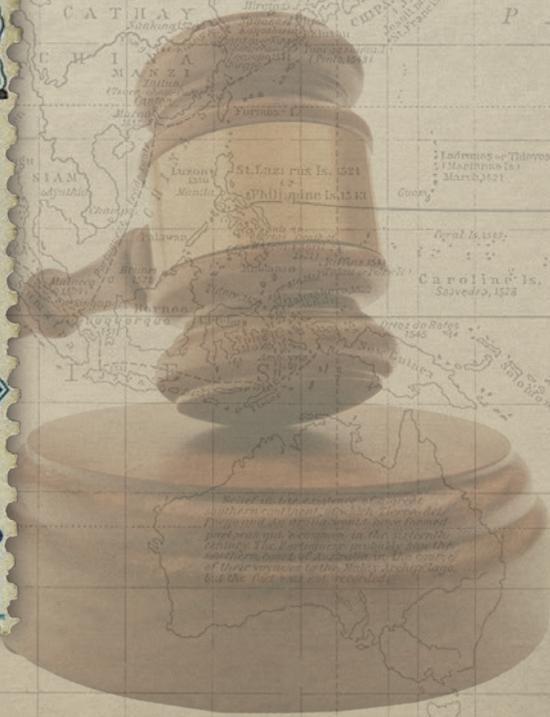
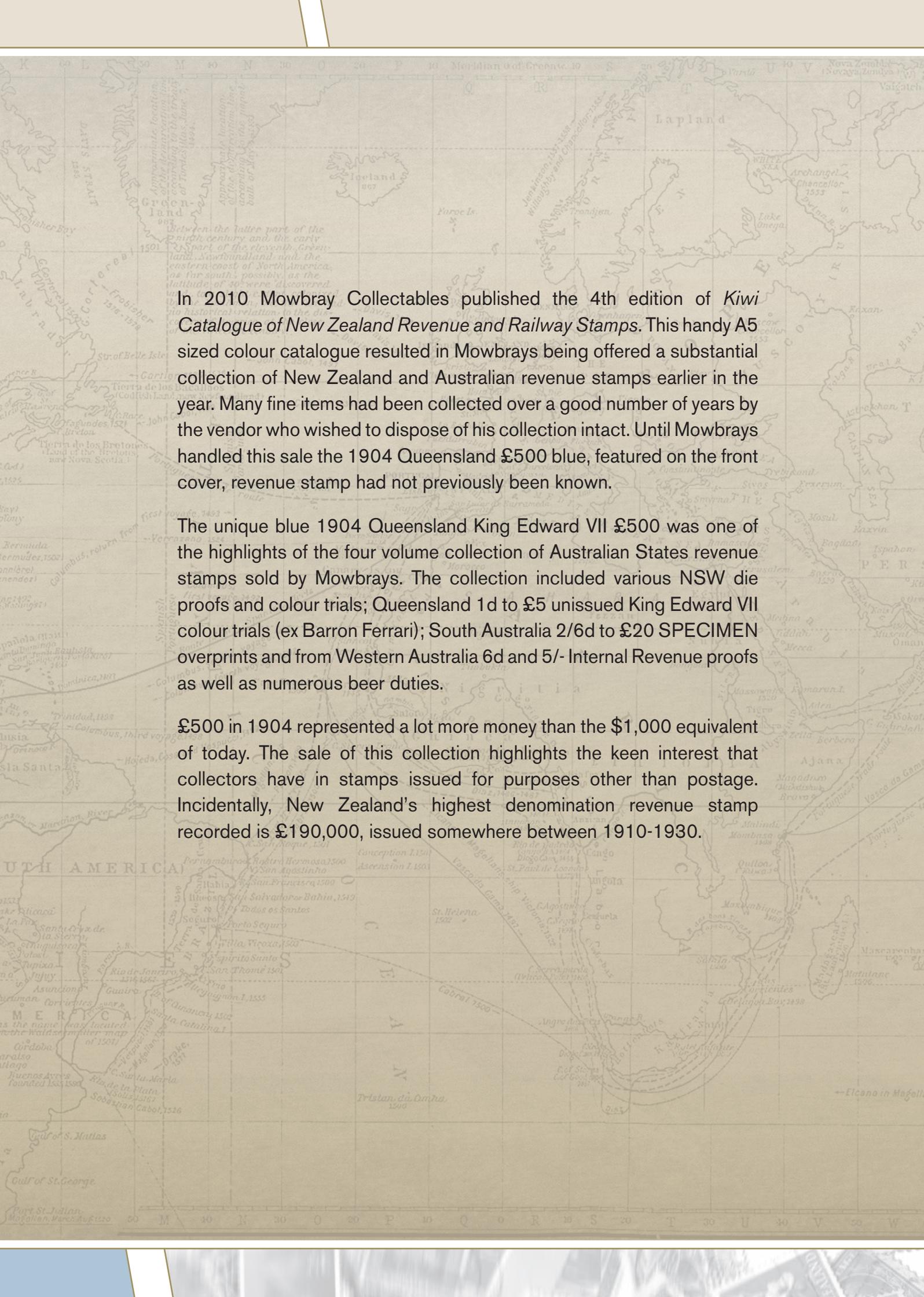




MOWBRAY COLLECTABLES GROUP ANNUAL REPORT 2013





In 2010 Mowbray Collectables published the 4th edition of *Kiwi Catalogue of New Zealand Revenue and Railway Stamps*. This handy A5 sized colour catalogue resulted in Mowbrays being offered a substantial collection of New Zealand and Australian revenue stamps earlier in the year. Many fine items had been collected over a good number of years by the vendor who wished to dispose of his collection intact. Until Mowbrays handled this sale the 1904 Queensland £500 blue, featured on the front cover, revenue stamp had not previously been known.

The unique blue 1904 Queensland King Edward VII £500 was one of the highlights of the four volume collection of Australian States revenue stamps sold by Mowbrays. The collection included various NSW die proofs and colour trials; Queensland 1d to £5 unissued King Edward VII colour trials (ex Barron Ferrari); South Australia 2/6d to £20 SPECIMEN overprints and from Western Australia 6d and 5/- Internal Revenue proofs as well as numerous beer duties.

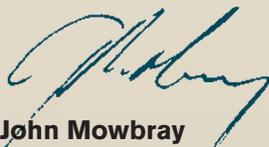
£500 in 1904 represented a lot more money than the \$1,000 equivalent of today. The sale of this collection highlights the keen interest that collectors have in stamps issued for purposes other than postage. Incidentally, New Zealand's highest denomination revenue stamp recorded is £190,000, issued somewhere between 1910-1930.

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 2013.



Murray Radford
Director



John Mowbray
Director

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DIRECTORS' REPORT

The directors present to the shareholders the thirteenth annual report of the Mowbray Collectables Ltd group. This report covers the activities of the group for the year ended 31 March 2013.

FINANCIAL RESULTS

	Notes	Group	
		2013 \$	2012 \$
Operating revenue	1	2,643,781	2,770,167
Surplus/(Deficit) before taxation, discontinued operations, share of associates, interest, depreciation, and amortisation.		24,497	30,832
Depreciation	9	(10,127)	(11,494)
Amortisation	10	(323)	(620)
Surplus/(Deficit) before taxation, discontinued operations, share of associates and interest.		14,047	18,718
Interest income	1	56,359	43,812
Interest expense		(65,724)	(70,568)
Surplus/(Deficit) before taxation, discontinued operations and share of associates		4,682	(8,128)
Impairment expense	16, 20	-	(300,000)
Share of associates' profit	13	128,797	142,444
Surplus/(Deficit) before taxation from continuing operations		133,479	(165,684)
Taxation (expense) benefit	3	(389)	27,749
Surplus/(Deficit) from continuing operations		133,090	(137,935)
(Deficit) from discontinued operations	17	(27,474)	(46,038)
Surplus/(Deficit) for the year		105,616	(183,973)
Other comprehensive income		-	-
Movement in foreign currency translation reserve		(3,878)	1,083
Total comprehensive income		101,738	(182,890)
Earnings per share continuing operations			
Basic earnings / (loss) per share (cents)	18	1.19	(1.24)

TRADING

The directors of Mowbray Collectables Ltd report, for the year ended 31 March 2013, a comprehensive surplus of \$101,738 compared with a comprehensive loss last year of \$182,890.

CONTINUING OPERATIONS

J R MOWBRAY PHILATELIST JOHN MOWBRAY INTERNATIONAL

These companies form the basis of Mowbray's core business. The monthly programme of stamp auctions performed well in the first six months of the year with sales up 8.33%. The sales pattern in the second half of the year was slower and followed the pattern experienced in the 2012 and 2011 financial years.

Both the international annual stamp and coin auctions were successful but at a slightly lower level than in 2012. The deferral of the normal direct sale (private treaty) catalogue until May 2013 impacted on the sales for the year of both J R Mowbray (Philatelist) and John Mowbray International divisions. This catalogue sale was released to take advantage of the Melbourne International Stamp Exhibition in May 2013 and the results achieved to date have been exceptional and will be reported in the first half result for the current year.

WWF OPERATIONS AUSTRALASIA

The World Wide Fund for Nature Stamp Programme results were consistent with previous years. In Australia, Wildlife Philatelic Collections experienced a slowing retail market consistent with the down turn in the general Australian economy. Marketing initiatives in conjunction with Australia Post are planned in the current financial year.

HOUSE OF STAMPS

House of Stamps produced an improved result trading in the New Zealand retail market.

MOWCOIN

Under the management of Malcolm Turner this new trading entity continued to experience exceptional growth during the year. The foundations established in 2011-2012 have developed with consistent weekly internet sales. Since 2011, a regular clientele has evolved. Sourcing product through a New Zealand wide advertising campaign has continued to be productive.

PETER WEBB GALLERIES LTD (49% OWNED)

Peter Webb Galleries Ltd is well managed and has performed well during a challenging year with the net result marginally below that of 2011-2012. A growing interest in good art was noticeable as the year progressed. All divisions have performed above budget expectations.

The wholly owned subsidiary Webb's Fine Wines Ltd, which conducts a regular programme of fine wine auctions, has consistently produced satisfactory returns.

SOTHEBY'S AUSTRALIA (25% OWNED)

Sotheby's Australia has continued to perform consistently well in the Australian market. The most recent auction in May 2013 recorded sales of A\$9.0 million for fine and decorative arts, and A\$2.3m for aboriginal art. For the first five months of this calendar year Sotheby's is Australia's leading art auction house with sales 50% ahead of its nearest rival. This represents a 30% market share.

The Mowbray directors consistent with their policy in 2011-2012 have decided to treat the 25% of Sotheby's Australia as an investment rather than as an associate. They consider that Mowbray Collectables Ltd does not have significant influence over the affairs of Sotheby's Australia. Mowbray Collectables Ltd is represented by one of four directors of the company, and while there will be participation in policy and other decisions the directors do not view that as constituting significant influence. Mowbray Collectables Ltd will have no material transactions with the company, and there will be no exchange of managerial personnel or the provision of technical information.

The effect of this is that income will be recognised only on receipt of dividends; the excellent earnings to date will not be equity accounted. Dividend returns have been received during this last year.

DISCONTINUED OPERATIONS**MOWBRAYS AUSTRALIA PTY LTD**

This company is not currently trading.

FIRST EAST AUCTION HOLDINGS PTY LTD (19% OWNED)

This company has ceased trading and the final stages of the winding down are still progressing. The small investment amount remaining \$4,930 will be recovered in the coming months.

STAFF

The directors have appreciated the commitment and dedication of all the staff. The staffing compliment remained unchanged during the year.

OUTLOOK

Although trading is competitive in all our markets we are strongly placed to take advantage of opportunities that will arise in the coming year. In the auctioneering industry results are difficult to predict as it is so dependent on what is sourced and offered for sale. However, worldwide, with the easing of money supply by governments we are seeing strong prices being achieved at auction for good quality stock. As always the success for Mowbray Collectables in the coming financial year will to some extent be affected by our ability to source such items and as the market leaders, we see no reason why we should not continue to do so. The recent high exchange rates have not affected our philatelic exports at all, and should the New Zealand dollar fall, it can only further help. At the present time a high New Zealand dollar offers little risk to us.

Recent declines in bullion prices will affect the coin market, but with our strong recent growth we are able to cushion these effects. Due to strong sales, our stock levels are minimal and present little or no risk should gold and silver prices continue to fall.

For the coming year we see firm prices for quality art and jewellery both in New Zealand and Australia. As in all markets inferior items are harder to sell, but with willing vendors good results are attainable.

The first two months trading for the new financial year have been very promising and will establish a good foundation for another improved result in the financial year ahead.

As reported in the half year the directors are conducting a strategic review with consultants. This review has been comprehensive and is examining investment performance, operational efficiencies, succession planning and investment opportunities.

DIVIDEND

A fully imputed dividend of 2c has been declared, payable on August 23, 2013.

Murray Radford
Chairman



John Mowbray
Managing Director
24 June 2013



MOWBRAY COLLECTABLES LIMITED**Consolidated Statement of Comprehensive Income**

for the year ended 31 March 2013

	Notes	CONSOLIDATED		PARENT	
		Year Ended 31-Mar 2013 \$	Year Ended 31-Mar 2012 \$	Year Ended 31-Mar 2013 \$	Year Ended 31-Mar 2012 \$
Operating revenue	1	2,643,781	2,770,167	191,884	370,810
Changes in inventory		42,801	37,761	-	-
Purchases		(736,569)	(812,029)	-	-
Employee benefits and expense		(813,310)	(789,737)	(288,912)	(300,922)
Office consumables		(190,532)	(155,297)	(6,288)	(6,342)
Promotional expenses		(57,489)	(109,748)	(3,804)	(5,905)
Other expenses	2	(864,185)	(910,285)	(243,877)	(241,213)
Surplus/(Deficit) before taxation, discontinued operations, share of associates, interest, depreciation and amortisation		24,497	30,832	(350,997)	(183,572)
Depreciation	9	(10,127)	(11,494)	-	-
Amortisation	10	(323)	(620)	-	-
Surplus/(Deficit) before taxation, discontinued operations, share of associates and interest		14,047	18,718	(350,997)	(183,572)
Interest income	1	56,359	43,812	259,721	258,728
Interest expense		(65,724)	(70,658)	(58,051)	(70,658)
Surplus/(Deficit) before taxation, discontinued operations and share of associates		4,682	(8,128)	(149,327)	4,498
Impairment expense	16, 20	-	(300,000)	-	(267,000)
Share of associates' profit	13	128,797	142,444	-	-
Surplus/(Deficit) before taxation from continuing operations		133,479	(165,684)	(149,327)	(262,502)
Taxation (expense)/benefit	3	(389)	27,749	(612)	30,685
Surplus/(Deficit) from continuing operations		133,090	(137,935)	(149,939)	(231,817)
Deficit from discontinued operations	17	(27,474)	(46,038)	-	-
Surplus/(Deficit) for the year		105,616	(183,973)	(149,939)	(231,817)
Other comprehensive income					
Movement in foreign currency translation reserve		(3,878)	1,083	-	-
Total comprehensive income		101,738	(182,890)	(149,939)	(231,817)
Earnings per share - continuing operations					
Basic earnings/(loss) per share (cents)	18	1.19	(1.24)		

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 2013

	Notes	Consolidated			
		Share Capital \$	Foreign Currency Translation Reserve \$	Retained Earnings \$	Total Equity \$
Balance at 1 April 2011		5,852,809	21,424	(1,904,592)	3,969,641
Comprehensive income					
Net (deficit) after taxation		-	-	(183,973)	(183,973)
Other comprehensive income					
Movement in foreign currency translation reserve		-	1,083	-	1,083
Total comprehensive income		-	1,083	(183,973)	(182,890)
Transactions with owners					
Dividend Paid		-	-	(111,555)	(111,555)
Total transactions with owners		-	-	(111,555)	(111,555)
Balance at 31 March 2012		5,852,809	22,507	(2,200,120)	3,675,196
Comprehensive income					
Net (deficit) after taxation		-	-	105,616	105,616
Other comprehensive income					
Movement in foreign currency translation reserve		-	(3,878)	-	(3,878)
Total comprehensive income		-	(3,878)	105,616	101,738
Transactions with owners					
Dividend Paid		-	-	-	-
Total transactions with owners		-	-	-	-
Balance at 31 March 2013		5,852,809	18,629	(2,094,504)	3,776,934

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 2013

	Notes	Parent			Total Equity \$
		Share Capital \$	Foreign Currency Translation Reserve \$	Retained Earnings \$	
Balance at 1 April 2011		5,852,809	-	(3,882,766)	1,970,043
Prior period error	26	-	-	185,513	185,513
Restated balance		5,852,809	-	(3,697,253)	2,155,556
Comprehensive income					
Net (deficit) after taxation		-	-	(231,817)	(231,817)
Total comprehensive income		-	-	(231,817)	(231,817)
Transactions with owners					
Dividends paid		-	-	(111,555)	(111,555)
Total transactions with owners		-	-	(111,555)	(111,555)
Balance at 31 March 2012		5,852,809	-	(4,040,625)	1,812,184
Comprehensive income					
Net (deficit) after taxation		-	-	(149,939)	(149,939)
Total comprehensive income		-	-	(149,939)	(149,939)
Transactions with owners					
Dividends paid		-	-	-	-
Total transactions with owners		-	-	-	-
Balance at 31 March 2013		5,852,809	-	(4,190,564)	1,662,245

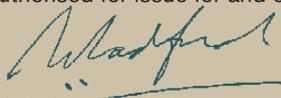
The Statement of Accounting Policies and the Notes to the Financial Statements form an integral part of these Financial Statements.

MOWBRAY COLLECTABLES LIMITED**Balance Sheet**

as at 31 March 2013

	Notes	CONSOLIDATED		PARENT	
		Year Ended 31-Mar 2013 \$	Year Ended 31-Mar 2012 \$	Year Ended 31-Mar 2013 \$	Year Ended 31-Mar 2012 \$
EQUITY					
Share capital	5	5,852,809	5,852,809	5,852,809	5,852,809
Retained earnings		(2,094,504)	(2,200,120)	(4,190,564)	(4,040,625)
Foreign currency translation reserve		18,629	22,507	-	-
Total Equity		3,776,934	3,675,196	1,662,245	1,812,184
Represented by:					
CURRENT ASSETS					
Receivables		48,355	58,209	-	-
Prepayments		38,746	27,835	9,425	10,521
Cash & cash equivalents		37,327	74,376	-	1,141
Related party receivables	16	37,743	37,743	3,219,664	3,017,096
Taxation payable	3	5,491	9,688	5,553	6,419
Inventory	6	1,707,968	1,667,887	-	-
Total Current Assets		1,875,630	1,875,738	3,234,642	3,035,177
CURRENT LIABILITIES					
Bank overdraft		258,789	117,528	258,789	117,528
Trade creditors		297,616	326,574	19,035	10,742
Other payables & accruals	7	251,216	341,964	237,986	250,807
Related party payables	16	-	-	4,509,232	4,071,082
Current portion of loan	8	139,662	246,202	139,662	246,202
Total Current Liabilities		947,283	1,032,268	5,164,704	4,696,361
WORKING CAPITAL		928,347	843,470	(1,930,062)	(1,661,184)
NON-CURRENT ASSETS					
Deferred tax	3	224,332	246,264	84,723	85,335
Property plant & equipment	9	39,809	48,393	-	-
Intangible assets	10	350	673	-	-
Goodwill	11	696,472	696,472	-	-
Investments	12	545,765	596,968	-	-
Investment in associates	13	1,420,075	1,420,135	1,525,054	1,525,054
Investment in subsidiaries	15	-	-	2,100,000	2,100,000
Agency receivables		39,254	40,509	-	-
Other receivables		-	19,333	-	-
Total Non-Current Assets		2,966,057	3,068,747	3,709,777	3,710,389
NON-CURRENT LIABILITIES					
Non-current portion of loan	8	117,470	237,021	117,470	237,021
Total Non-Current Liabilities		117,470	237,021	117,470	237,021
NET ASSETS		3,776,934	3,675,196	1,662,245	1,812,184

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



M. C. Radford - Chairman



J. R. Mowbray - Managing Director

24 June 2013

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 2013

	Notes	CONSOLIDATED		PARENT	
		Year Ended 31-Mar 2013 \$	Year Ended 31-Mar 2012 \$	Year Ended 31-Mar 2013 \$	Year Ended 31-Mar 2012 \$
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash was provided from (applied to)					
Receipts from customers		2,607,204	2,673,498	31,723	31,867
Interest received		56,359	43,812	159	950
Other revenue		42,744	77,877	-	-
Payments to suppliers		(1,973,893)	(2,051,712)	(258,497)	(229,682)
Payments to employees		(799,183)	(775,879)	(288,912)	(286,064)
Interest paid		(65,724)	(70,658)	(58,051)	(70,658)
Taxation paid		1,382	(54,759)	866	(4,624)
Net cash flow from operating activities	21	(131,111)	(157,821)	(572,712)	(558,211)
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash was provided from (applied to)					
Purchase of property, plant and equipment		(1,543)	(12,536)	-	-
Dividends received from associate		128,857	61,850	128,857	61,850
Repayment of investment in FEAHL		51,203	363,113	-	-
Net cash flows from investing activities		178,517	412,427	128,857	61,850
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash was provided from (applied to)					
Dividends (paid)		-	(111,555)	-	(111,555)
Loans received/(repaid)		(226,091)	(146,801)	301,454	581,240
Net cash flow from financing activities		(226,091)	(258,356)	301,454	469,685
Net increase/(decrease) in cash held		(178,685)	(3,750)	(142,402)	(26,676)
Cashflows from discontinued activities		760	(8,278)	-	-
Cash & cash equivalents at beginning of year		(43,152)	(32,406)	(116,387)	(89,711)
Effect of exchange rate change on cash & cash equivalents		(385)	1,282	-	-
Cash & cash equivalents at end of year		(221,462)	(43,152)	(258,789)	(116,387)
Comprising:					
Cash at bank - New Zealand		29,724	49,382	-	-
Bank overdraft - New Zealand		(258,789)	(117,528)	(258,789)	(117,528)
Cash at bank - Australia		7,603	24,994	-	1,141
		(221,462)	(43,152)	(258,789)	(116,387)

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 2013

STATEMENT OF COMPLIANCE

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

The Company is incorporated and domiciled in New Zealand.

The financial statements for the 'Parent' are for the Company as a separate legal entity. The consolidated financial statements for the 'Group' are for the economic entity comprising the Company and its subsidiaries. The Company and Group are designated as profit oriented entities for financial reporting purposes.

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.

The financial statements of the Company and Group comply with International Financial Reporting Standards ('IFRS').

NEW STANDARDS AND INTERPRETATIONS

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

NZ IFRS 9 – Financial instruments specifies how an entity should classify and measure financial assets, including some hybrid contracts. NZ IFRS 9 is intended to replace NZ IAS 39. NZ IFRS 9 is effective for accounting periods beginning 1 January 2015. The standard is not expected to have an impact on the Group.

NZ IFRS 10 - Consolidated Financial Statements establishes a new control model which broadens the situation when an entity is considered to control another entity. NZ IFRS 10 is effective for periods beginning on or after 1 January 2013. The standard is not expected to have an impact on the Group.

NZ IFRS 12 - Disclosure of Interests in Other Entities includes new disclosures about judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities. NZ IFRS 12 is effective for periods beginning on or after 1 January 2013. The standard is not expected to have an impact on the Group.

NZ IFRS 13 - Fair Value Measurement does not change when an entity is required to use fair value but provides guidance on how to determine fair value. NZ IFRS 13 is effective for periods beginning on or after 1 January 2013. The standard is not expected to have an impact on the Group.

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

NZ IAS 28 - Investments in Associates except for investments in associates held by venture capital organisations or mutual funds, unit trusts and similar entities, including investment-linked insurance funds, that upon initial recognition are designated as at fair value through profit or loss or are classified as held for trading and accounted for in accordance with NZ IAS 39 Financial Instruments: Recognition and Measurement.

REPORTING ENTITY & PERIOD

For the results for the year ended 31 March 2013 the Mowbray Collectables Limited Group comprises the following entities:

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

MOWBRAY COLLECTABLES LIMITED

Statement of Accounting Policies

for the year ended 31 March 2013

BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets and liabilities as identified in specific accounting policies below.

CRITICAL JUDGEMENTS IN APPLYING THE ENTITY'S ACCOUNTING POLICIES

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

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

KEY SOURCES OF ESTIMATION UNCERTAINTY

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

Fair value of investment in First East Auction Holdings Pty Ltd

The investment in First East Auction Holdings Pty Limited has been commented on in the Director's report. The fair value of the investment has been reviewed by the directors, and they do not believe any further write down is required (2012: \$300,000 note 20).

Deferred tax assets

The Group carries deferred tax assets totalling \$224,332 (2012: \$246,264) that relate to tax losses carried forward and timing differences in New Zealand and Australia. The Directors have reviewed these assets and based on the management forecasts are of the view that they are recoverable in the future.

SPECIFIC ACCOUNTING POLICIES

(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 and Group'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 other comprehensive income.

(c) Consolidation of Subsidiaries

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

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

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

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

MOWBRAY COLLECTABLES LIMITED

Statement of Accounting Policies

for the year ended 31 March 2013

(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 using the objective interest method.

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 of Property, Plant and Equipment

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 cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the diminishing value method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

(f) Taxation

Current tax

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

Deferred tax

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow

MOWBRAY COLLECTABLES LIMITED**Statement of Accounting Policies**

for the year ended 31 March 2013

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 are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss, or where they arise from the initial accounting for a business combination, in which case the tax effect is included in the accounting for the business combination.

(g) Equity Accounting of Associate Entities

The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

The Parent's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

(h) Foreign Currency Transactions

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(i) Financial Instruments***Financial assets***

The Group classifies its investments in the following categories: loans and receivables, and available for sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after balance date which are classified as non-current assets. Further information on the Group's loans and receivables is set out in note 22.

Available for sale financial assets

Available for sale financial assets are non-derivatives, principally equity securities, that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of balance date. The Group's available for sale financial assets comprise its investments in First East Auction Holdings Pty Ltd and S.A. Unit Trust, as detailed at note 12. Investments are initially recognised at fair value plus transaction costs. As no active market exists for the securities in either First East Auction Holdings Pty Ltd or S.A. Unit Trust and fair value cannot be reliably measured the investments are held at cost thereafter. The Parent holds its investment in Peter Web Galleries as an available for sale financial asset at cost.

The Group assesses at each balance date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss.

(j) Inventory

Inventory is valued at the lower of cost and net realisable value. Cost is the acquisition cost of for each parcel of inventory purchased. For each item of catalogued inventory, cost is estimated at 30% of the expected net realisable value.

(k) Property, Plant & Equipment

Property, Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated

MOWBRAY COLLECTABLES LIMITED**Statement of Accounting Policies**

for the year ended 31 March 2013

depreciation and impairment. Cost includes expenditure that is directly attributed to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

(l) Intangible Assets

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

Software 48% - 60% DV

(m) Goodwill

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

(n) Impairment of Assets

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

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

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

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

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

(o) Goods and Services Tax

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

(p) Payables

These amounts represent unsecured liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. As trade and other payable are usually paid within 30 days, they are carried at face value.

(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.

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.

MOWBRAY COLLECTABLES LIMITED**Statement of Accounting Policies**for the year ended 31 March 2013

(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.

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) Trade and Other Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Collectability of receivables is reviewed on an on-going basis. Individual debts which are known to be uncollectible are written off. A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered objective evidence of impairment.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in profit or loss.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed and the reversal is recognised in profit or loss.

Subsequent recoveries of amounts written off are recognised in profit or loss.

(u) Statement of Cash Flows

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

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

"Cash & 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.

"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.

(v) Investments

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

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

for the year ended 31 March 2013

	CONSOLIDATED		PARENT	
	Year Ended 31-Mar 2013 \$	Year Ended 31-Mar 2012 \$	Year Ended 31-Mar 2013 \$	Year Ended 31-Mar 2012 \$
1. Total Revenue				
Sale of goods	2,328,822	2,388,889	-	-
Auction commission	272,215	303,401	-	-
Management fees	30,627	31,560	63,027	63,960
Dividends received	-	-	128,857	306,850
Consulting fees	12,117	46,317	-	-
Operating revenue	2,643,781	2,770,167	191,884	370,810
Interest income	56,359	43,812	259,721	258,728
	2,700,140	2,813,979	451,605	629,538
2. Other Expenses				
Included in Other Expenses are the following expenses:				
Audit fees (Note 4)	45,000	70,318	45,000	70,318
Bad debts	3,687	5,560	-	-
Directors' fees	45,000	42,000	45,000	42,000
Legal fees	6,257	2,582	6,257	2,582
Operating lease rental expenses	145,165	136,927	-	-
Sundry	619,076	652,898	147,620	126,313
3. Taxation				
(a) Taxation recognised in the income statement				
Taxation (expense)/income comprises				
Current tax (expense)/income	-	-	-	-
Deferred (tax)/income relating to the origination and reversal of temporary differences	(20,199)	1,367	(612)	30,685
Total tax (expense)/income	(20,199)	1,367	(612)	30,685
Continuing operations	(389)	27,749	(612)	30,685
Discontinued operations	(19,810)	(26,382)	-	-
Total tax (expense)/income	(20,199)	1,367	(612)	30,685
Income/(Loss) from continuing operations	133,479	(165,684)	(149,327)	(262,502)
Taxation refund/(expense) calculated at 28%	(37,374)	46,392	41,812	73,501
Effect of different tax rates in other countries	(1,269)	(1,768)	-	-
Gross up dividend from investment	(15,479)	39,884	(15,462)	-
Imputation credits received	51,542	-	51,542	-
Non-deductible expenses	(13,924)	(83,141)	(15,241)	(53,297)
Prior year tax losses utilised	23,625	-	23,625	-
Deferred tax not recognised	(25,218)	-	(25,218)	-
Prior period adjustment	(2,102)	-	(2,102)	-
Group loss offsets	-	-	(59,568)	10,481
Total tax (expense)/income	(20,199)	1,367	(612)	30,685
(b) Current tax assets and liabilities				
Current tax liability / (assets):				
Tax refund payable / (receivable)	(5,491)	(9,688)	(5,491)	(6,419)
(c) Deferred tax balances				
Deferred tax asset comprise:				
Temporary differences	224,332	246,264	84,723	85,335

MOWBRAY COLLECTABLES LIMITED

Notes to the Financial Statements

for the year ended 31 March 2013

Taxable and deductible temporary differences arise from the following:

CONSOLIDATED 2013				
	Opening balance	Charged to income	Exchange differences	Closing balance
Gross deferred tax assets:				
Employee entitlements	148,258	18,006	-	166,264
Income tax losses	657,067	(77,526)	(6,829)	572,712
Other expenses	74,191	(11,942)	(40)	62,209
	879,516	(71,462)	(6,869)	801,185

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

PARENT 2013				
	Opening balance	Charged to income	Exchange differences	Closing balance
Gross deferred tax assets:				
Employee entitlements	142,038	19,962	-	162,000
Income tax losses	91,881	(7,507)	-	84,374
Other expenses	70,880	(14,669)	-	56,211
	304,799	(2,214)	-	302,585

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

(d) Imputation credit account balances

	CONSOLIDATED		PARENT	
	Year Ended 31-Mar 2013 \$	Year Ended 31-Mar 2012 \$	Year Ended 31-Mar 2013 \$	Year Ended 31-Mar 2012 \$
Balance at beginning of the year	123,909	91,447	106,893	30,860
Imputation credits attached to dividends received	55,224	131,528	55,224	131,528
Imputation credits attached to dividends paid	-	(152,809)	-	(47,809)
Taxation paid	9,898	65,124	5,553	2,821
Taxation refunded	(14,095)	(3,869)	(6,418)	(1,795)
Other debits/(credits)	-	(7,512)	-	(8,712)
Balance at end of the year	174,936	123,909	161,252	106,893

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

for the year ended 31 March 2013

4. Remuneration of Auditors

	CONSOLIDATED		PARENT	
	Year Ended 31-Mar 2013 \$	Year Ended 31-Mar 2012 \$	Year Ended 31-Mar 2013 \$	Year Ended 31-Mar 2012 \$
Audit of the financial statements	45,000	70,318	45,000	70,318
	45,000	70,318	45,000	70,318

Staples Rodway Wellington (formerly PKF Martin Jarvie) is auditor of Mowbray Collectables Limited and Group.

No other audit fees were paid in respect of any group entity.

5. Share Capital

	CONSOLIDATED & PARENT			
	Year Ended 31 March 2013		Year Ended 31 March 2012	
	Number	\$	Number	\$
Company and Group				
Ordinary Shares – Authorised, issued and fully paid				
Balance at beginning of year	11,155,523	5,852,809	11,155,523	5,852,809
Share capital at end of year	11,155,523	5,852,809	11,155,523	5,852,809

There has been no share issues or repurchased during the current or comparative years.

All shares are fully paid and have equal voting rights.

All shares participate equally in any dividend distribution or any surplus on the winding up of the Company.

The shares have no par value.

6. Inventory

	CONSOLIDATED		PARENT	
	Year Ended 31-Mar 2013 \$	Year Ended 31-Mar 2012 \$	Year Ended 31-Mar 2013 \$	Year Ended 31-Mar 2012 \$
Auction inventory	1,459,418	1,415,651	-	-
WWF Chapters on hand	248,550	252,236	-	-
Total Inventory	1,707,968	1,667,887	-	-

7. Other Payables and Accruals

	CONSOLIDATED		PARENT	
	Year Ended 31-Mar 2013 \$	Year Ended 31-Mar 2012 \$	Year Ended 31-Mar 2013 \$	Year Ended 31-Mar 2012 \$
Other payables and accruals	69,020	173,895	76,167	88,988
Employee entitlements	182,196	168,069	161,819	161,819
Total other payables and accruals	251,216	341,964	237,986	250,807

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

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8. Loans

	CONSOLIDATED		PARENT	
	Year Ended 31-Mar 2013 \$	Year Ended 31-Mar 2012 \$	Year Ended 31-Mar 2013 \$	Year Ended 31-Mar 2012 \$
Total loans owing:				
J.R. Mowbray	19,243	35,000	19,243	35,000
Loan from National Bank	237,889	448,223	237,889	448,223
	257,132	483,223	257,132	483,223
Repayable as follows:				
J.R. Mowbray	19,243	35,000	19,243	35,000
National Bank - 1007	-	100,000	-	100,000
National Bank - 1005	120,419	111,202	120,419	111,202
Current	139,662	246,202	139,662	246,202
J.R. Mowbray	-	-	-	-
National Bank - 1005	117,470	237,021	117,470	237,021
Non-Current	117,470	237,021	117,470	237,021
Total	257,132	483,223	257,132	483,223

J.R Mowbray**Repayment:** \$5,000 per month**Interest Rate:** 1% per month**National Bank - 1005****Repayment:** \$11,266 per month**Interest Rate:** 8.05%**Security:** First Priority General Security Agreement over all assets of Mowbray Collectables Limited

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

for the year ended 31 March 2013

9. Property, Plant & Equipment

CONSOLIDATED					
	Leasehold \$	Office furniture and equipment \$	Plant and equipment \$	Computer equipment \$	Total \$
Gross carrying amount					
Balance at 1 April 2011	67,156	31,540	72,272	45,157	216,125
Additions	-	556	9,968	2,012	12,536
Disposals	-	-	-	-	-
Balance at 31 March 2012	67,156	32,096	82,240	47,169	228,661
Additions	-	-	1,543	-	1,543
Disposals	-	-	-	-	-
Balance at 31 March 2013	67,156	32,096	83,783	47,169	230,204
Accumulated depreciation / amortisation and impairment					
Balance at 1 April 2011	46,221	24,635	58,228	39,607	168,691
Depreciation expense	2,968	1,471	3,575	3,480	11,494
Foreign currency exchange difference	-	(3)	86	-	83
Disposals	-	-	-	-	-
Loss on sale of fixed assets	-	-	-	-	-
Balance at 31 March 2012	49,189	26,103	61,889	43,087	180,268
Depreciation expense	2,371	2,404	3,300	2,052	10,127
Foreign currency exchange difference	-	-	-	-	-
Disposals	-	-	-	-	-
Loss on sale of fixed assets	-	-	-	-	-
Balance at 31 March 2013	51,560	28,507	65,189	45,139	190,395
Net book value					
As at 31 March 2012	17,967	5,993	20,351	4,082	48,393
As at 31 March 2013	15,596	3,589	18,594	2,030	39,809

10. Intangible Assets

Software

	CONSOLIDATED	PARENT
	\$	\$
Gross carrying amount		
Balance at 1 April 2011	33,913	-
Additions	-	-
Balance at 31 March 2012	33,913	-
Additions	-	-
Balance at 31 March 2013	33,913	-
Accumulated amortisation and impairment		
Balance at 1 April 2011	32,620	-
Amortisation	620	-
Balance at 31 March 2012	33,240	-
Amortisation	323	-
Balance at 31 March 2013	33,563	-
Net book value		
As at 31 March 2012	673	-
As at 31 March 2013	350	-

MOWBRAY COLLECTABLES LIMITED

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for the year ended 31 March 2013

11. Goodwill

	CONSOLIDATED		PARENT	
	Year Ended 31-Mar 2013 \$	Year Ended 31-Mar 2012 \$	Year Ended 31-Mar 2013 \$	Year Ended 31-Mar 2012 \$
Gross carrying amount				
Balance at beginning of year	696,472	696,472	-	-
Balance at end of year	696,472	696,472	-	-
Accumulated impairment losses				
Balance at beginning of year	-	-	-	-
Impairment losses for the year	-	-	-	-
Balance at end of year	-	-	-	-
Net book value				
At the beginning of the year	696,472	696,472	-	-
At the end of the year	696,472	696,472	-	-

Allocation of goodwill to cash-generating units

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

Individual cash-generating units:

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

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

J R Mowbray Philatelist	240,393	240,393
John Mowbray International	61,429	61,429
House of Stamps	63,550	63,550
Wildlife Philatelic Collections Pty Limited	314,070	314,070
World Wide Fund for Nature Stamp Program	17,030	17,030
	696,472	696,472

Description of cash generating unit and assumptions used to assess impairment

J R Mowbray Philatelist

This division remains the main income-generating unit of the New Zealand divisions and has demonstrated consistent profits since the company was floated in 2000. The sales trends over the past three years have been at approximately a growth factor of 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. In the current year under review a direct sales catalogue (private treaty) was deferred to coincide with the Melbourne International Stamp Exhibition May 2013. The recoverable amount has been determined based on the value in use calculation which uses cash flow projections based on financial budgets approved by the Directors covering a five year period and pre-tax discount rate of 16.7%.

John Mowbray International

This division is linked in its performance with the operations of J R Mowbray Philatelist. The sales trends have been consistently good over a number of years. The division does not purchase inventory and requires very little in the way of tangible fixed assets to operate. The previously reported annual coin and bank note auction is now recorded under the Mowcoin Division. The recoverable amount has been determined based on the value in use calculation which uses cash flow projections based on financial budgets approved by the Directors covering a five year period and pre-tax discount rate of 16.7%.

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

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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 are also operational assistants with the Mowcoin Division and both these divisions have been combined in this impairment testing comparison. We have allocated an additional 1.3% 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 five year period and pre-tax discount rate of 18.0%.

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. The recoverable amount has been determined based on the value in use calculation which uses cash flow projections based on financial budgets approved by the Directors covering a five year period and pre-tax discount rate of 17.0%.

World Wide Fund for Nature Stamp Program

The WWF stamp operation in New Zealand is significantly smaller than Australia. In recent years there have been no significant marketing initiatives. It is planned to introduce some of the marketing ideas used in Australia to stimulate sales activity within the New Zealand market. Although the division is self-sufficient in product inventory, it does have the flexibility and strength in the alliance with 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 five year period and pre-tax discount rate of 18.5%.

Cash flows beyond March 2018 have been extrapolated using a steady growth rate of 3% for all cash generating units.

12. Investments

Name of Company	CONSOLIDATED	
	Carrying Amount	
	2013	2012
	\$	\$
First East Auction Holdings Pty Limited	4,930	65,546
SA Unit Trust - Units	270,418	265,711
SA Unit Trust - Loan	270,418	265,711
	545,765	596,968

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

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

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

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

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

The loan does not attract interest.

MOWBRAY COLLECTABLES LIMITED

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for the year ended 31 March 2013

13. Investments in Associates

Name of Company	CONSOLIDATED		CONSOLIDATED	
	Ownership and Voting Interest		Carrying Amount	
	2013	2012	2013	2012
	%	%	\$	\$
Peter Webb Galleries Limited (NZ auctioneer)	49	49	1,420,075	1,420,135
			1,420,075	1,420,135

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

Carrying amount of Investments in Associates

	CONSOLIDATED		PARENT	
	Year Ended 31-Mar 2013	Year Ended 31-Mar 2012	Year Ended 31-Mar 2013	Year Ended 31-Mar 2012
	\$	\$	\$	\$
Carrying amount at beginning of year	1,420,135	1,339,541	1,525,054	1,525,054
Share of net surplus/(deficit)	128,797	142,444	-	-
Dividend received	(128,857)	(61,850)	-	-
Carrying amount at end of year	1,420,075	1,420,135	1,525,054	1,525,054
Goodwill in the carrying amount of associates	894,227	894,227	894,227	894,227

14. Summarised financial information of associates

	CONSOLIDATED		PARENT	
	Year Ended 31-Mar 2013	Year Ended 31-Mar 2012	Year Ended 31-Mar 2013	Year Ended 31-Mar 2012
	\$	\$	\$	\$
Current assets	3,259,642	3,139,474	3,259,642	3,139,474
Non-current assets	466,744	479,500	466,744	479,500
Current liabilities	(2,450,852)	(2,331,596)	(2,450,852)	(2,331,596)
Non-current liabilities	-	-	-	-
Net assets	1,275,534	1,287,378	1,275,534	1,287,378
Revenue	3,720,686	3,264,840	3,720,686	3,264,840
Net Profit	262,851	290,701	262,851	290,701

15. Investment in Subsidiaries

Subsidiaries owned at 31 March 2013	Carrying Values	Carrying Values	Principal Activities	Country of Incorp.
	2013	2012		
	\$	\$		
Mowbray Bethunes Limited	1,151,220	1,151,220	Stamp, philatelic, rare book dealer, retailer & auctioneer	New Zealand
World Wide Fund for Nature Stamp Program (New Zealand Agency)	139,230	139,230	International stamp program agency	New Zealand
Wildlife Philatelic Collections Pty Limited	809,550	809,550	International stamp program agency	Australia
Mowbrays Australia Pty Limited	-	-	Non trading	Australia
Auction Investments Limited	-	-	Holding company	New Zealand
Auction Investments SA Limited	-	-	Holding company	New Zealand
	2,100,000	2,100,000		

The percentage holding in all subsidiaries at 31 March 2013 is 100% (2012: 100%).

All subsidiaries have a balance date of 31 March.

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

for the year ended 31 March 2013

16. 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 15 to the financial statements.

Equity interests in associates

Details of interests in associates are disclosed in note 13 to the financial statements.

(c) Transactions

Related Party Transactions	CONSOLIDATED		PARENT	
	Year Ended 31-Mar 2013 \$	Year Ended 31-Mar 2012 \$	Year Ended 31-Mar 2013 \$	Year Ended 31-Mar 2012 \$
Management fees				
Wildlife Philatelic Collection Pty Limited	-	-	32,400	32,400
Interest Income				
Auction Investments Limited	-	-	228,156	231,716
Auction Investments SA Limited	-	-	31,406	31,496
Advances				
Mowbray Bethunes Limited	-	-	376,550	115,662
Total transactions	-	-	668,512	411,274

All transactions between entities within the Group were conducted on an arm's length basis.

The Parent made no purchases from subsidiaries.

During the year Mowbray Bethunes Limited made sales to Wildlife Philatelic Collection Pty Limited of \$37,613 (2012: \$15,183).

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

During the year the executive directors received the following remuneration: JR Mowbray \$203,178, DK Heather \$120,463.

Andrew Pitt, a director of Wildlife Philatelic Collections Pty Limited, provides management services of \$15,022 (2012: \$17,158), and fulfilment services of \$68,742 (2012: \$81,028) to that company through Barlow International Pty Limited, on agreed terms negotiated with the managing director of Mowbray Collectables Limited. Wildlife Philatelic Collections Pty Limited also pays rent of \$28,214 (2012: \$28,835) to Barlow International Pty Limited.

(d) Outstanding Balances

Amounts outstanding between the company and its subsidiaries/related entities are:

Related Party Receivables	CONSOLIDATED		PARENT	
	Year Ended 31-Mar 2013 \$	Year Ended 31-Mar 2012 \$	Year Ended 31-Mar 2013 \$	Year Ended 31-Mar 2012 \$
Mowbrays Australia Pty Limited	-	-	141,500	91,389
Auction Investments Limited	-	-	2,516,897	2,349,356
First East Auction Holdings Pty Limited	37,743	37,743	37,743	37,743
Auction Investments SA Limited	-	-	523,524	538,608
Total receivable	37,743	37,743	3,219,664	3,017,096

MOWBRAY COLLECTABLES LIMITED

Notes to the Financial Statements

for the year ended 31 March 2013

Related Party Payables	CONSOLIDATED		PARENT	
	Year Ended 31-Mar 2013 \$	Year Ended 31-Mar 2012 \$	Year Ended 31-Mar 2013 \$	Year Ended 31-Mar 2012 \$
Mowbray Bethunes Limited	-	-	3,290,154	2,913,604
Wildlife Philatelic Collections Pty Limited	-	-	1,219,078	1,157,478
Total payable	-	-	4,509,232	4,071,082

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. Interest is charged as follows:

- Mowbray Collectables Limited loan to Auction Investments Limited - 9.55%
- Mowbray Collectables Limited loan to Auction Investments SA Limited - 5.90%

The value of the balances receivable have been reviewed and all are considered recoverable. No provision for impairment is required (2012: \$267,000).

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

The Group holds two agency agreements with Children's Health Camp (CHC) and New Zealand Post (NZ Post) respectively.

The Group is entitled to a share of the profits derived under the agency agreement with CHC. In addition the Group charges management fees for administering the arrangement. 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 Company director 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 Company director John Mowbray. Rent was set by an independent valuer. Leases were signed by the directors on 18 December 2000.

	CONSOLIDATED		PARENT	
	Year Ended 31-Mar 2013 \$	Year Ended 31-Mar 2012 \$	Year Ended 31-Mar 2013 \$	Year Ended 31-Mar 2012 \$
Rent paid was	116,951	94,948	-	-

There was no amount outstanding at balance date in respect of the rent paid (2012: nil).

17. Discontinued operations

	CONSOLIDATED	
	Year Ended 31-Mar 2013 \$	Year Ended 31-Mar 2012 \$
Revenue	-	40
Expenses	7,663	19,696
Net profit/(loss) before taxation	(7,663)	(19,656)
Taxation (expense)/benefit	(19,811)	(26,382)
Net (loss) after taxation	(27,474)	(46,038)

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

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

for the year ended 31 March 2013

18. Earnings Per Share

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

	CONSOLIDATED	
	Year Ended 31-Mar 2013 \$	Year Ended 31-Mar 2012 \$
Surplus/(deficit) from continuing operations	133,090	(137,935)
Surplus/(deficit) from discontinuing operations	(27,474)	(46,038)
Weighted average number of ordinary shares	11,155,523	11,155,523
Earnings/(loss) per share (cents) (continuing operations)	1.19	(1.24)
Earnings/(loss) per share (cents) (discontinued operations)	(0.25)	(0.41)
Total earning/(loss) per share (cents)	0.95	(1.65)
Distributions to shareholders	-	111,555
Dividend per share (cents)	-	1.00

19. Operating Lease Commitments

	CONSOLIDATED		PARENT	
	Year Ended 31-Mar 2013 \$	Year Ended 31-Mar 2012 \$	Year Ended 31-Mar 2013 \$	Year Ended 31-Mar 2012 \$
Commitments in respect of non-cancellable operating leases:				
Not later than one year	117,926	107,895	-	-
Later than one year and not later than two years	117,926	107,895	-	-
Later than two years and not later than five years	-	-	-	-
	235,852	215,790	-	-

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.

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

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

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

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

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

Measurement of operating segment profit or loss

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

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

MOWBRAY COLLECTABLES LIMITED

Notes to the Financial Statements

for the year ended 31 March 2013

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

Segment assets and liabilities

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

	CONSOLIDATED			
	Auction segment 2013 \$	Retail segment 2013 \$	All other segments 2013 \$	Total NZ 2013 \$
Revenue				
Turnover	1,502,664	217,143	-	1,719,807
Auction commission	272,215	-	-	272,215
Sundry revenue	7,810	4,307	-	12,117
Management fees	-	-	30,627	30,627
Operating Revenue	1,782,689	221,450	30,627	2,034,766
Purchases	405,575	111,824	-	529,199
Employee benefits	469,449	42,939	300,922	813,310
Finance income	290	-	56,063	56,353
Finance cost	7,673	-	58,051	65,724
Depreciation (note 9)	7,174	-	-	7,174
Amortisation (note 10)	323	-	-	323
Associate profit (note 13)	-	-	128,797	128,797
Impairment	-	-	-	-
Segment surplus/(deficit) before taxation from continuing operations	375,243	47,447	(360,314)	62,376
		Australia Retail segment 2013 \$	Total NZ 2013 \$	Total 2013 \$
Revenue				
Turnover		609,015	1,719,807	2,328,822
Auction commission		-	272,215	272,215
Sundry revenue		-	12,117	12,117
Management fees		-	30,627	30,627
Operating Revenue		609,015	2,034,766	2,643,781
Purchases		207,370	529,199	736,569
Employee benefits		-	813,310	813,310
Finance income		5	56,353	56,358
Finance cost		-	65,724	65,724
Depreciation (note 9)		2,953	7,174	10,127
Amortisation (note 10)		-	323	323
Associate profit (note 13)		-	128,797	128,797
Impairment		-	-	-
Segment surplus/(deficit) before taxation from continuing operations		71,103	62,376	133,479

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

for the year ended 31 March 2013

	CONSOLIDATED			
	Auction segment 2012 \$	Retail segment 2012 \$	All other segments 2012 \$	Total NZ 2012 \$
Revenue				
Turnover	1,341,087	325,509	-	1,666,596
Auction commission	303,575	(174)	-	303,401
Dividends	-	-	-	-
Sundry revenue	41,978	4,339	-	46,317
Management fees	-	-	31,560	31,560
Operating Revenue	1,686,640	329,674	31,560	2,047,874
Purchases	428,606	104,639	-	533,245
Employee benefits	409,045	79,770	300,922	789,737
Finance income	11	-	43,795	43,806
Finance cost	51	-	70,607	70,658
Depreciation (note 9)	9,502	-	-	9,502
Amortisation (note 10)	620	-	-	620
Associate profit (note 13)	-	-	142,444	142,444
Impairment	-	-	300,000	300,000
Segment surplus/(deficit) before taxation from continuing operations	382,400	29,511	(685,003)	(273,092)

	Australia Retail segment 2012 \$	Total NZ 2012 \$	Total 2012 \$
Revenue			
Turnover	722,293	1,666,596	2,388,889
Auction commission	-	303,401	303,401
Dividends	-	-	-
Sundry revenue	-	46,317	46,317
Management fees	-	31,560	31,560
Operating Revenue	722,293	2,047,874	2,770,167
Purchases	278,784	533,245	812,029
Employee benefits	-	789,737	789,737
Finance income	6	43,806	43,812
Finance cost	-	70,658	70,658
Depreciation (note 9)	1,992	9,502	11,494
Amortisation (note 10)	-	620	620
Associate profit (note 13)	-	142,444	142,444
Impairment	-	300,000	300,000
Segment surplus/(deficit) before taxation from continuing operations	107,408	(273,092)	(165,684)

During the year a provision for doubtful debts of \$300,000 was raised against the First East Auction Holdings Pty Limited investment. The carrying value of the investment in note 14 reflects this impairment.

MOWBRAY COLLECTABLES LIMITED

Notes to the Financial Statements

for the year ended 31 March 2013

21. Net Cash Flow from Operating Activities

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

	CONSOLIDATED		PARENT	
	Year Ended 31-Mar 2013 \$	Year Ended 31-Mar 2012 \$	Year Ended 31-Mar 2013 \$	Year Ended 31-Mar 2012 \$
Surplus/(Deficit) from continuing operations	133,090	(137,935)	(149,939)	(231,817)
Non cash items:				
Depreciation	10,127	11,494	-	-
Amortisation	323	620	-	-
Impairment	-	300,000	-	267,000
Deferred tax asset	415	(27,673)	612	(30,685)
Management fees	-	-	(32,400)	(32,400)
Interest	-	-	(259,562)	(257,778)
Dividend received	-	-	(128,857)	(306,850)
Associated share of net (surplus)/deficit	(128,797)	(142,444)	-	-
	(117,932)	141,997	(420,207)	(360,713)
Movements in working capital				
(Increase)/decrease in inventories	(40,081)	(64,311)	-	-
(Increase)/decrease in receivables & prepayments	(56,705)	(191,154)	1,096	307
Increase/(decrease) in payables	(26,114)	90,160	(4,528)	23,778
Increase/(decrease) in other payables & accruals	(24,725)	58,257	-	14,858
Increase/(decrease) in tax payable	1,356	(54,835)	866	(4,624)
	(146,269)	(161,883)	(2,566)	34,319
Net cash inflow/(outflow)	(131,111)	(157,821)	(572,712)	(558,211)

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

As all financial instruments are either short term, carried at market interest rates (cash and cash equivalents, bank overdraft, term loans), or carried at cost as provided by the relevant accounting standard, the Directors are of the view that the fair value of all financial instruments is equivalent to their carrying value disclosed in the Balance Sheet.

Currency Risk

The Group is exposed to foreign exchange risk as a result of offshore funding activities and transactions denominated in foreign currencies, arising from normal trading activities. The NZ dollar equivalent of the unhedged net assets of the Group's Australian subsidiaries at balance date was \$1,316,464 (2012: \$1,006,054).

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

Interest Rate Risk

The Group and Company have two loans and the Parent bank overdraft incurring interest. One term loan and the overdraft is with ANZ National Bank and one term loan is with J.R. Mowbray. The term loans have fixed interest rates; the overdraft has a floating interest rate. The Directors consider that they have mitigated their exposure to interest rate risk by utilising a mix of fixed and floating interest rates. The Group does not have a specific policy in respect of the mix of fixed and floating interest rates.

MOWBRAY COLLECTABLES LIMITED**Notes to the Financial Statements**for the year ended 31 March 2013

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 \$3,307,262 and there were \$3,687 of bad debts (0.11%). 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 less the deficit on retained earnings. Group \$3,776,393 (2012: \$3,675,196) and Parent \$1,662,245 (2012: \$1,812,184). 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.

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

23. Subsequent Events

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

24. Commitments for Capital Expenditure

There were no commitments for expenditure as at 31 March 2013 (2012: \$Nil)

25. Contingent Liabilities and Assets

There were no Contingent Liabilities or Contingent Assets at 31 March 2013 (2012: \$Nil)

26. Prior Period Error

During the preparation of the financial statements the Directors became aware that in prior periods the Company had incorrectly been accounting for the earnings from Peter Webb Galleries Limited (an associate investment) in the Parent financial statements from 2004 to 2012. The investment should have been held at cost rather than equity accounted. This adjustment only affects the Parent financial statements and not those of the Group.

As a result of the correction the following adjustments were made:

- At 1 April 2011 the carrying value of the Parent's investment in Peter Webb Galleries Limited was increased by \$185,513, and opening retained earnings was increased by the same amount
- The 2012 equity accounted earnings in the Parent financial statements was removed and the dividend received from Peter Webb Galleries Limited was included. This had the net effect of increasing the Parent's 2012 comprehensive deficit by \$80,594

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

Report on the Financial Statements

We have audited the financial statements of Mowbray Collectables Limited (“the Company”) and its subsidiaries (together the “Group”) on pages 6 to 31, which comprise the consolidated balance sheets of the Company and Group as at 31 March 2013, statements of comprehensive income, statements of changes in equity and statements of cash flow of the Company and Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinion

In our opinion, the financial statements on pages 6 to 31:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards;
- give a true and fair view of the financial position of the Company and Group as at 31 March 2013 and their financial performance and the cash flows for the year then ended.

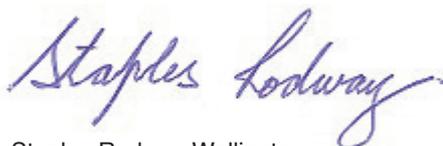
Emphasis of Matter: Accounting for investment in SA Unit Trust

We draw your attention to Note 12 to the financial statements which describes the reasons why the Directors have concluded that they do not have significant influence in respect of the investment in SA Unit Trust. Our opinion is not modified in respect of this matter.

Report on other Legal and Regulatory Requirements

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

- We have obtained all the information and explanations that we have required.
- In our opinion proper accounting records have been kept by the Company and Group as far as appears from an examination of those records.



Staples Rodway Wellington

Chartered Accountants

Wellington

24 June 2013

MOWBRAY COLLECTABLES LIMITED

Statutory and Shareholder Information

for the year ended 31 March 2013

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 29 April 2013

Name	Number of Voting Securities
J. R. Mowbray	4,765,060
J. I. Urquhart Family A/C	1,430,000
New Zealand Central Securities Depository Limited	837,926
Sil Long Term Holdings Limited	608,071

At 10 May 2013 the total issued voting securities was 11,155,523.

Largest Shareholders

The names of the 20 largest shareholders and their holdings as at 10 May 2013 were:

Name	Number of Shares Held	Percentage of Issued Shares
J. R. Mowbray	4,765,060	42.71%
J. I. Urquhart Family A/C	1,430,000	12.82%
New Zealand Central Securities Depository Limited	837,926	7.51%
Sil Long Term Holdings Limited	608,071	5.45%
Sir R. Brierley	560,000	5.02%
S. M. Mowbray & R. A. Oldham	339,129	3.04%
Goodson & Perron Family Trust	305,839	2.74%
Forsyth Barr Custodians Limited	129,600	1.16%
M. C. Radford	120,000	1.08%
Walker & Hall Fine Gifts Limited	120,000	1.08%
R. A. Brierley	100,000	0.90%
Dagger Nominees Limited	83,466	0.75%
C. Biggs	78,324	0.70%
R. J. Gillatt	69,385	0.62%
B. A. Paradine	52,000	0.47%
PCS Investment Nominees Limited	50,600	0.45%
R. J. Dunlop & J. M. Dunlop	50,000	0.45%
Forsyth Barr Custodians Limited	46,000	0.41%
APS Investments Limited	43,337	0.39%
A. Harris	41,800	0.37%
JBWere (NZ) Nominees Limited	38,788	0.35%
	9,869,325	88.47%

MOWBRAY COLLECTABLES LIMITED

Statutory and Shareholder Information

for the year ended 31 March 2013

Spread of Shareholders

The spread of shareholders as at 10 May 2013 was:

Holding Range	No. of Holders	Total Shares	Percentage
1 - 1,000	23	16,075	0.14%
1,001 - 5,000	170	350,390	3.14%
5,001 - 10,000	42	308,379	2.76%
10,001 - 100,000	45	1,265,595	11.35%
100,001 - 5,000,000	10	9,215,084	82.61%
Total	290	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:

	2013 No of Shares	2012 No of Shares
J. R. Mowbray		
Opening balance	4,765,060	4,765,060
Movements	-	-
Sale of shares	-	-
Closing balance	4,765,060	4,765,060
I. J. Halsted		
Opening balance	34,375	34,375
Movements	-	-
Sale of shares	-	-
Closing balance	34,375	34,375
M. C. Radford		
Opening balance	120,000	120,000
Movements	-	-
Sale of shares	-	-
Closing balance	120,000	120,000
D. K. Heather		
Opening balance	-	-
Movements	-	-
Sale of shares	-	-
Closing balance	-	-

Note 1 In the 2013 year, John Mowbray's shareholding did not change. In addition he has a beneficial interest of 49,500 shares.

Note 2 In the 2013 year, I.J Halsted's shareholding did not change. In addition he has a beneficial interest of 126,500 shares.

Note 3 In the 2013 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 \$25,300 and I. J. Halsted \$19,700.

J. R. Mowbray, as managing director, received a salary of \$203,178 and D. K. Heather, as finance director, received a salary of \$120,463.

Employees' Remuneration

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

	2013	2012
\$100,000 - \$110,000	-	-
\$110,001 - \$120,000	-	-
\$120,001 - \$130,000	1	1
\$130,001 - \$140,000	-	-
\$140,001 - \$150,000	-	-
\$150,001 - \$160,000	-	-
\$160,001 - \$170,000	-	-
\$170,001 - \$180,000	-	-
\$180,001 - \$190,000	-	-
\$190,001 - \$200,000	-	-
\$200,001 - \$210,000	1	1
Total	2	2

CORPORATE GOVERNANCE

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

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

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

RESPONSIBILITIES OF THE BOARD AND MANAGEMENT

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

The Board's role includes:

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

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

BOARD OF DIRECTORS

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

The profile of the directors can be found on page 39.

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

BOARD COMMITTEES

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

AUDIT COMMITTEE

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

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

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

BOARD MEETINGS

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

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

REMUNERATION OF DIRECTORS

Shareholders resolved at the last annual meeting that the total remuneration to be paid to the non-executive directors be fixed at a sum not exceeding \$45,000 per annum, such sum to be divided amongst them in such proportions and in such a manner as they determine. The directors advise that the total remuneration paid to non-executive directors for the year ended 31 March 2013 was \$45,000.

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

SHARE TRADING BY COMPANY DIRECTORS AND OFFICERS

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

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

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

A schedule of director's beneficial and non-beneficial holding of Mowbray shares is included on page 35.

Company Profile

NEW ZEALAND

1. J R MOWBRAY PHILATELIST

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

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

2. JOHN MOWBRAY INTERNATIONAL

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

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

3. HOUSE OF STAMPS

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

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

4. WORLD WIDE FUND FOR NATURE STAMP PROGRAM

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

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

AUSTRALIA

5. MOWBRAYS AUSTRALIA PTY LTD

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

6. WILDLIFE PHILATELIC COLLECTIONS PTY LTD

PO Box 107, Rosebery, Sydney.

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

INVESTMENTS

7. PETER WEBB GALLERIES LTD

18 Manukau Road, Newmarket, Auckland.

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

9. SOTHEBY'S AUSTRALIA

ANZAC House, 4 Collins Street, Melbourne, Vic 300

Australia's leading auction house, 25% owned.

8. FIRST EAST AUCTION HOLDINGS PTY LTD

10 Albion Avenue, Paddington NSW 2021

This company is no longer operating, 19.08% owned.

Board of Directors

MURRAY RADFORD BCA, CA – CHAIRMAN

Murray is Chairman and a shareholder of the company, holding 120,000 shares. He is a business and financial consultant and a director of a number of private companies. Previously Murray worked in stockbroking for approximately 20 years and was a member of the Stock Exchange. He is President of the Wellington Golf Referees Association.

JOHN MOWBRAY BCA – MANAGING DIRECTOR

John is the largest shareholder of the company, holding 4,765,060 Since starting the business in 1963, John has made philately his career, specialising in the auctioning of stamps. He is past president of the New Zealand Stamp Dealers Association, and a past president of the International Federation of Stamp Dealer Associations (IFSDA). From 1989 –1995 he was a director of Stanley Gibbons PLC Ltd London.

John is currently patron of the Waikanae Rugby Club, and Kapiti Philatelic Society. He is Chairman of the Horowhenua – Kapiti Rugby Union and the Mahara Gallery Trust.

John is a director of Peter Webb Galleries Ltd, and Sotheby's Australia..

IAN HALSTED – DIRECTOR

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

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

DAVID HEATHER BCA – FINANCE DIRECTOR

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

Directors

John Reader Mowbray
54 Winara Avenue
Waikanae

Ian Jeffrey Halsted
19A Lucerne Road
Remuera
Auckland

Murray Charles Radford
10/B Central Terrace
Kelburn
Wellington

David Keith Heather
29 Hona Street
Waikanae

Registered Office

247-253 Main Highway
Otaki

Communication Addresses

Postal: PO Box 63000, Wellington 6140
Telephone: (06) 364 8270
Facsimile: (06) 364 8252
E-mail: mowbray.stamps@xtra.co.nz
Website: www.mowbraycollectables.co.nz

Bankers

ANZ Bank Wellington
Corporate Wellington

Auditor

Staples Rodway Limited
Wellington

Accountants

BDO Wellington Limited

Solicitors

Quigg Partners
Wellington

Izard Weston Lawyers
Wellington

Share Registrar

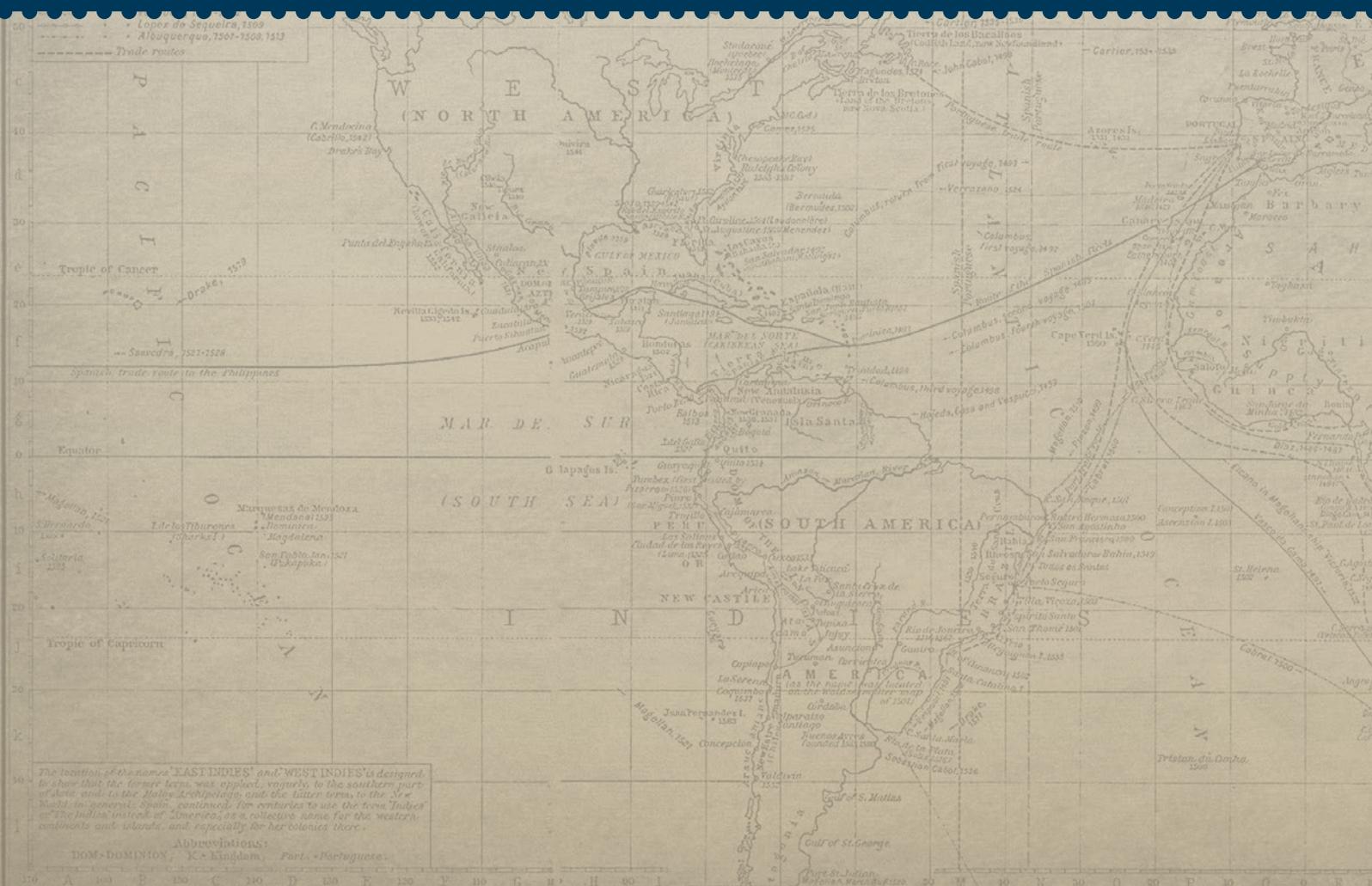
Link Market Services
PO Box 384
Ashburton

Consultants

Campbell Macpherson Limited
Auckland







The location of the names 'EAST INDIES' and 'WEST INDIES' is designed to show that the former term was applied, roughly, to the southern part of Asia, and to the Malay Archipelago; and the latter term, to the North West, in general. Spain continued for centuries to use the term Indies or 'The Indies' instead of 'America' as a collective name for the western continents and islands, and especially for her colonies there.