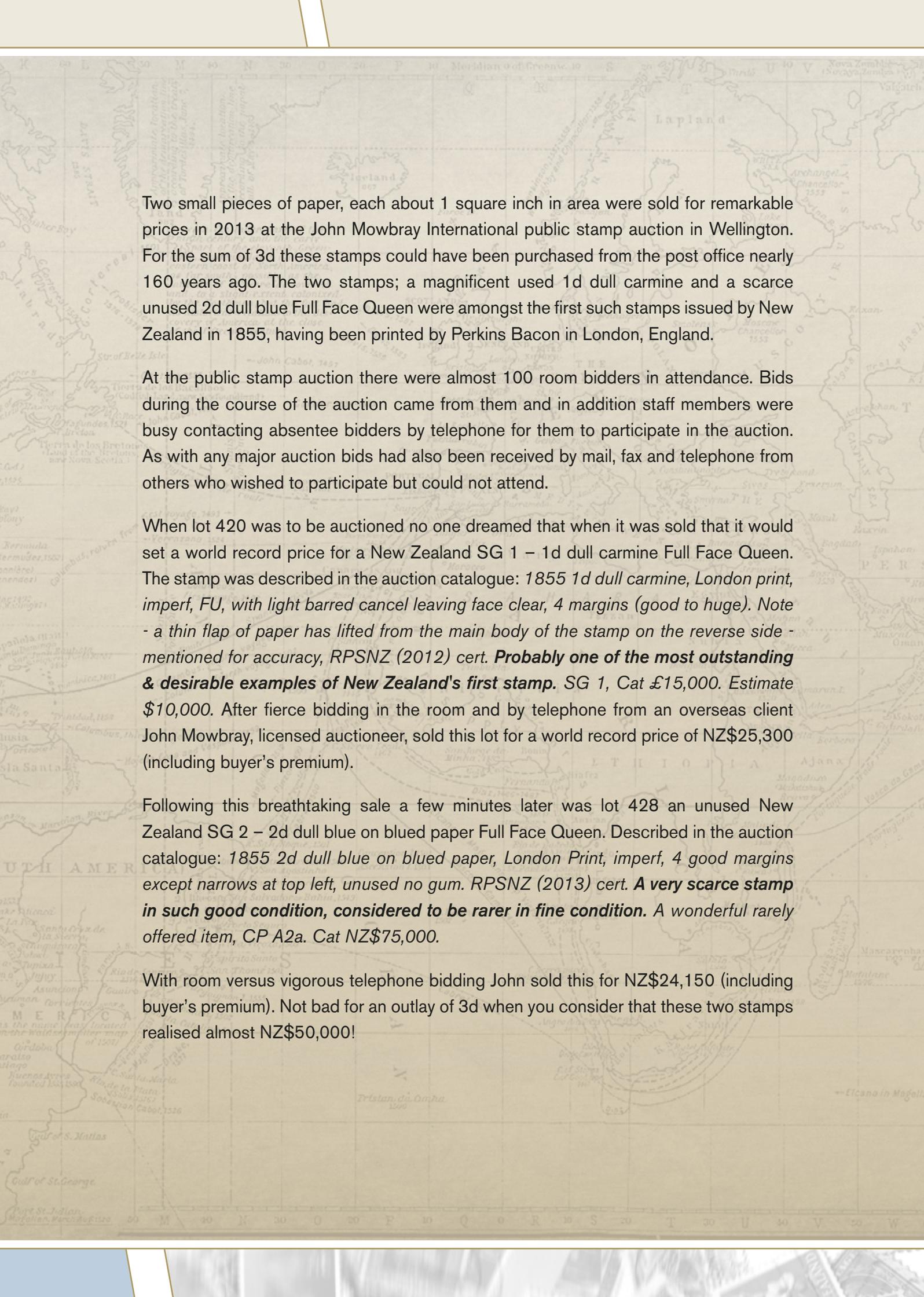




MOWBRAY COLLECTABLES GROUP ANNUAL REPORT 2014





Two small pieces of paper, each about 1 square inch in area were sold for remarkable prices in 2013 at the John Mowbray International public stamp auction in Wellington. For the sum of 3d these stamps could have been purchased from the post office nearly 160 years ago. The two stamps; a magnificent used 1d dull carmine and a scarce unused 2d dull blue Full Face Queen were amongst the first such stamps issued by New Zealand in 1855, having been printed by Perkins Bacon in London, England.

At the public stamp auction there were almost 100 room bidders in attendance. Bids during the course of the auction came from them and in addition staff members were busy contacting absentee bidders by telephone for them to participate in the auction. As with any major auction bids had also been received by mail, fax and telephone from others who wished to participate but could not attend.

When lot 420 was to be auctioned no one dreamed that when it was sold that it would set a world record price for a New Zealand SG 1 – 1d dull carmine Full Face Queen. The stamp was described in the auction catalogue: *1855 1d dull carmine, London print, imperf, FU, with light barred cancel leaving face clear, 4 margins (good to huge). Note - a thin flap of paper has lifted from the main body of the stamp on the reverse side - mentioned for accuracy, RPSNZ (2012) cert. **Probably one of the most outstanding & desirable examples of New Zealand's first stamp.** SG 1, Cat £15,000. Estimate \$10,000.* After fierce bidding in the room and by telephone from an overseas client John Mowbray, licensed auctioneer, sold this lot for a world record price of NZ\$25,300 (including buyer's premium).

Following this breathtaking sale a few minutes later was lot 428 an unused New Zealand SG 2 – 2d dull blue on blued paper Full Face Queen. Described in the auction catalogue: *1855 2d dull blue on blued paper, London Print, imperf, 4 good margins except narrows at top left, unused no gum. RPSNZ (2013) cert. **A very scarce stamp in such good condition, considered to be rarer in fine condition.** A wonderful rarely offered item, CP A2a. Cat NZ\$75,000.*

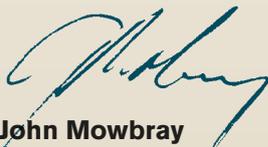
With room versus vigorous telephone bidding John sold this for NZ\$24,150 (including buyer's premium). Not bad for an outlay of 3d when you consider that these two stamps realised almost NZ\$50,000!

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 2014.



Murray Radford
Chairman



John Mowbray
Director

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DIRECTORS' REPORT

This report covers the activities of the group for the year ended 31 March 2014.

FINANCIAL RESULTS

	Notes	Group	
		2014 \$	2013 \$
Operating revenue	1	3,995,759	2,643,781
Profit/(loss) before taxation, discontinued operations, share of associates, impairment, interest, depreciation and amortisation		(86,304)	24,497
Depreciation	10	(31,523)	(10,127)
Amortisation	11	(1,695)	(323)
Profit/(Loss) before taxation, discontinued operations, impairment, share of associates and interest		(119,522)	14,047
Interest income	1	22,787	56,359
Interest expense		(70,661)	(65,724)
Profit/(Loss) before taxation, discontinued operations, impairment and share of associates		(167,396)	4,682
Impairment expense	13, 17	(42,677)	-
Share of associates' profit	14	6,461	128,797
Profit/(Loss) before taxation from continuing operations		(203,612)	133,479
Taxation (expense)/benefit	4	40,336	(389)
Profit/(Loss) from continuing operations		(163,276)	133,090
Deficit from discontinued operations	18	(88,916)	(27,474)
Gain from acquisition of subsidiary	27	139,755	-
Profit/(Loss) for the year		(112,437)	105,616
Other comprehensive income			
Items that may be reclassified to profit or loss			
Movement in foreign currency translation reserve		(119,358)	(3,878)
Total comprehensive income		(231,795)	101,738
Earnings per share - continuing operations			
Basic earnings/(loss) per share (cents)	19	(1.38)	1.19

TRADING

The directors of Mowbray Collectables Ltd report, for the year ended 31 March 2014 a comprehensive deficit of \$231,795 compared with a comprehensive surplus last year of \$101,738.

OVERVIEW

PETER WEBB GALLERIES (WEBB'S)

When Mowbray first purchased a shareholding in Webb's in 2003 it was granted an option to purchase the balance 10 years later. The option was exercised in March 2013 at a price set by an independent valuation. The final purchase price of \$1.39 million (plus a contingency amount of \$52,000) was settled in October 2013, funded by a share placement of \$800,000 and bank debt for the balance including transactions and capital raising costs.

There were significant one-off costs during the acquisition process and these costs have been expensed in the year under review in accordance with NZ IFRS. The transition from a family owned business to becoming the subsidiary of a listed company are considerable and that transition is progressing with minimum disruption to the operation of the business. As previously reported, Neil Campbell, Webb's Chief Executive, resigned with effect from 23 May 2014. Mowbray Independent Director, Christopher Swasbrook, has been appointed Chairman of Webb's to oversee the transition and has empowered the next level of management to take responsibility for the success of their individual departments.

While Webb's full year auction sales were 12% under an optimistic budget, commission revenue remained steady. Costs however increased with some significant one-off extraordinary adjustments and restructuring occurring in the latter stages of the financial year.

As in past years, the art department within Webb's remains a key driver of the business. According to data published by the Australian Art Sales Digest, Webb's continues to be the leading art auction house in New Zealand, as well as in wine, jewellery and decorative arts.

It is important to highlight that accounting standards saw the group record a gain on acquisition of Peter Webb Galleries Limited. In accordance with NZ IFRS 3 - Business Combinations, the company realised a gain on acquisitions of approximately \$140,000.

The accounts under review for the year ended 31 March 2014 incorporates seven months of Webb's earnings as an associate at 49% and the remainder as a consolidated subsidiary 100%.

CONTINUING OPERATIONS

- J.R. Mowbray Philatelist
- John Mowbray International
- House of Stamps & Mowcoin

The core business of stamp and coin auctions and sales achieved an increase in gross hammer prices of \$3.3m, up from \$3.0m in 2013, however the gross margin of the overall sales declined. The international auctions and coin auction had robust sales equal to budget with result comparable to previous years in price and volume.

The costs of our core business remained in line with budgeted levels.

WWF OPERATIONS AUSTRALASIA

The WWF for Nature Stamps Programme was below the previous year. In Australia, WPC continued to experience a sluggish retail market and as this product matures, it will be challenging to repeat its past performance, but it will continue to be an important contributor to our result.

SOTHEBY'S AUSTRALIA 25% OWNED.

The directors have made a strategic decision to divest the company's 25% holding in Sotheby's Australia – this process is ongoing.

The company has continued to hold the investment in Sotheby's at cost, we refer you to note 13 which supports the directors reasoning.

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. The residual investment has been written off (\$42,677), while the directors consider there may be some eventual residual collections they felt it prudent to impair these assets totally.

INVENTORIES

QUALIFICATION OF INVENTORY VALUE

As highlighted in our full year result announcement to the NZX on 30 May 2014, this year's audit opinion in relation to the financial statements is subject to a qualification around inventory valuation.

This qualification is despite the fact there has been no change in Mowbray Collectables accounting policy with regard to inventory valuation.

As part of the annual financial statement audit, the company's auditor - Staples Rodway Auckland (previous years Staples Rodway Wellington through its various different brand names) have formed a view that whilst they have not found any evidence to contradict our cost estimate, they have been unable to obtain sufficient audit evidence to conclude whether the inventory valuation method approximated cost.

With regard to this qualification the directors advise shareholders that:

- i. the valuation method undertaken by management has not changed since the Initial Public Offering ("IPO") in 2000 and is similar to that adopted by Stanley Gibbons PLC (Note: John Mowbray was a director of Stanley Gibbons PLC from 1989 – 1995); and,
- ii. the directors believe the valuation of inventory as recorded in the financial statements gives a true and fair view.

INVENTORY ACCOUNTING POLICY AND DISCLOSURE

The Mowbray Collectables accounting policy for inventory is as follows:

"Inventory is valued at the lower of cost or net realisable value. When collections are initially purchased they are held at cost. As an auction item is described, lotted and allocated an estimated value, its value in the accounts is 30% of the expected net realisable value. After auction inventory has been through a defined number of cycles the unsold inventory is valued at a net realisable value of nil."

EXPLANATION OF INVENTORY VALUATION PROCESS

A vendor approaches Mowbray with a collection they wish to sell. Mowbray buyers then assess the collection, make an offer, and purchase the inventory. At this point the inventory is valued at cost and is placed into storage to be used in future sales. Mowbray's staff then over a period of time breakdown collections, describe, lot, and catalogue/estimate the value of the inventory items.

Once described, lotted, and estimated inventory is valued at 30% of estimated realisable value to reflect the value Mowbrays adds. Inventory is marketed through the auction processes. If inventory does not sell during a finite number of auction cycles the inventory value is reduced to 0% of the estimated selling cost to reflect net realisable value

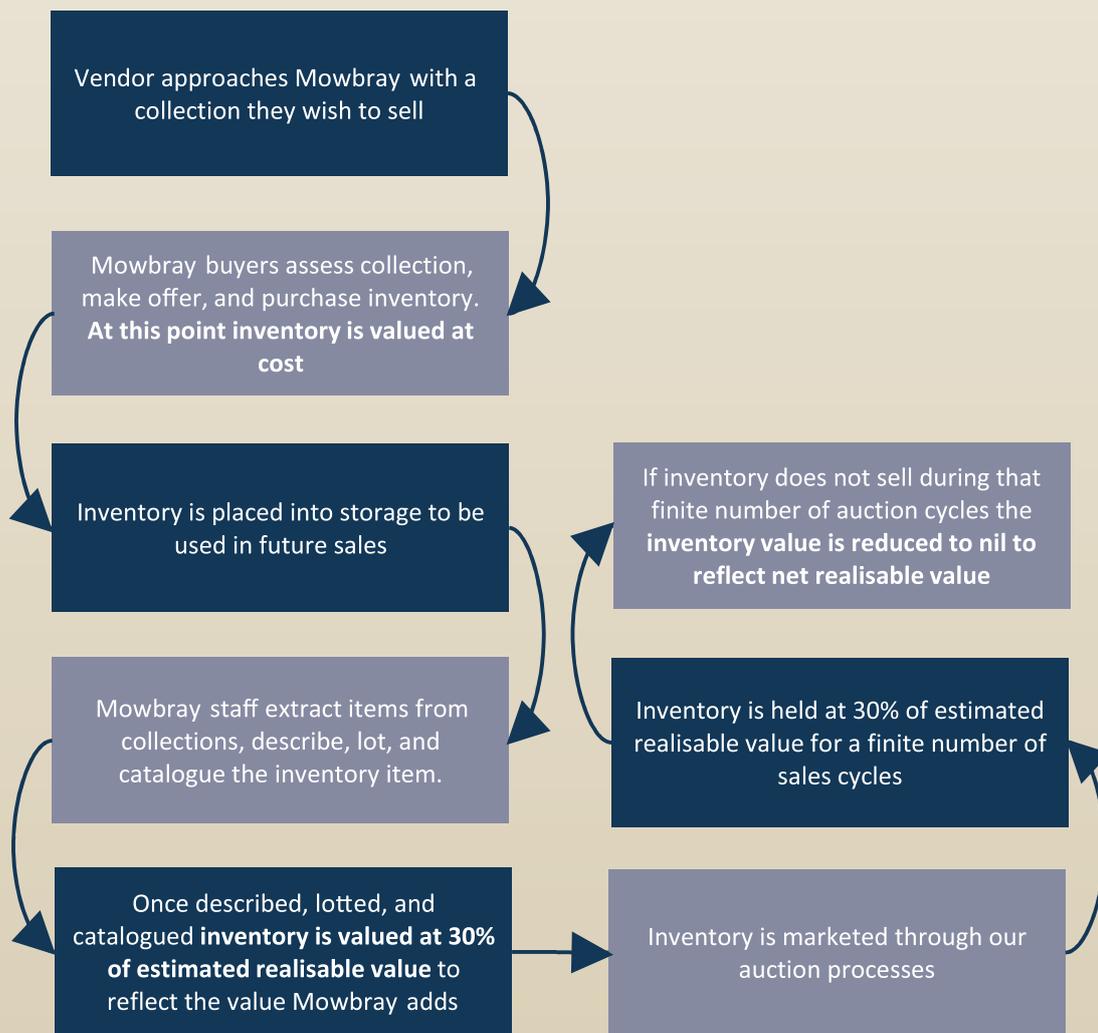
Of the recorded inventory: Total value is \$1.6m (as at 31 March 2014) of which:

- 52.4% (2013: 56.1%) of inventory is held at cost
- 47.6% (2013: 43.9%) of inventory is held at 30% of net realisable value based on the work undertaken by the Company to add value to the inventory.

Not recorded within the financial statements is a significant level of auction inventory that is ascribed a value of nil after having been through a pre-determined number of auction cycles. This auction inventory is still available for sale.

MOWBRAY COLLECTABLES INVENTORY VALUATION PROCESS

The flow chart below summarises the process through which our inventory moves, and where in the process the directors believe significant value is added to raw inventory: Mowbray Collectables Inventory Valuation Process



CONCLUSION

The directors believe the inventory valuation methodology is robust having been substantiated over a long period of time (including reviews by other major accounting firms). The directors believe that the valuation method provides the best estimate of cost and is in line with generally accepted accounting practice.

The directors, along with the auditors will be available at the AGM to field any questions you have in relation to this matter.

OUTLOOK

As mentioned the core business of stamps and coins reflected a challenging market. While our export stamp sales increased by 37% mainly due to the World Stamp Exhibition in Melbourne in May 2013, the margins were affected by the high NZ dollar exchange rate.

In the coin market, international gold and silver prices changed, with gold prices down 30%, and silver prices down 40% in the past twelve months.. These movements have impacted on the unit sales values and our margins.

The Australian art market recorded a 9% growth in the December 2013 calendar year to a level of A\$104 million. The New Zealand art market had a slower growth of 3.5% at NZ\$21 million. Webb's market share of this segment of the market improved from 32% to 37%.

Clearly the core business of the group is over a much broader base than in the past. The strategy in the coming year will be to increase sales, market share and margins across all cash operating units. Operating costs and procedures will be reviewed.

As mentioned, the decision has been made to divest the investment in Sotheby's Australia, despite its strong performance. This will allow more focus on the New Zealand operations and assist with debt reduction.

Our stamp and coin divisions are expected to perform well in the coming year, in view of their strong market position. The market for good items is excellent, but more common, less high grade is harder to sell. New sales opportunities will be explored, especially for a significant quantity of inventory we have written off.

There are strong vendor enquiries for our John Mowbray International sales of stamps and coins to be held in October this year.

Webb's will undergo some significant changes as we reinforce our market leadership role in the art, wine auction, decorative arts and jewellery auction markets. Without the distractions, time and cost of acquisition in the past year an improved financial performance is anticipated.



John Mowbray
Managing Director



Murray Radford
Chairman

30 June 2014

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

for the year ended 31 March 2014

	Notes	CONSOLIDATED		PARENT	
		Year Ended 31-Mar 2014 \$	Year Ended 31-Mar 2013 \$	Year Ended 31-Mar 2014 \$	Year Ended 31-Mar 2013 \$
Operating revenue	1	3,995,759	2,643,781	336,940	191,884
Changes in inventory		(247,324)	42,801	-	-
Purchases		(463,189)	(736,569)	-	-
Auction costs		(643,584)	-	-	-
Employee benefits expense	3	(1,236,097)	(813,310)	(290,015)	(288,912)
Office consumables		(32,849)	(190,532)	-	(6,288)
Promotional expenses		(88,179)	(57,489)	(6,426)	(3,804)
Other expenses	2	(1,370,841)	(864,185)	(344,118)	(243,877)
Profit/(Loss) before taxation, discontinued operations, share of associates, impairment, interest, depreciation and amortisation		(86,304)	24,497	(303,619)	(350,997)
Depreciation	10	(31,523)	(10,127)	-	-
Amortisation	11	(1,695)	(323)	-	-
Profit/(Loss) before taxation, discontinued operations, impairment, share of associates and interest		(119,522)	14,047	(303,619)	(350,997)
Interest income	1	22,787	56,359	280,538	259,721
Interest expense		(70,661)	(65,724)	(63,548)	(58,051)
Profit/(Loss) before taxation, discontinued operations, impairment and share of associates		(167,396)	4,682	(86,629)	(149,327)
Impairment expense	13,17	(42,677)	-	(37,743)	-
Share of associates' profit	14	6,461	128,797	-	-
Profit/(Loss) before taxation from continuing operations		(203,612)	133,479	(124,372)	(149,327)
Taxation (expense)/benefit	4	40,336	(389)	8,157	(612)
Surplus/(Deficit) from continuing operations		(163,276)	133,090	(116,215)	(149,939)
Deficit from discontinued operations	18	(88,916)	(27,474)	-	-
Gain from acquisition of subsidiary	27	139,755	-	-	-
Profit/(Loss)		(112,437)	105,616	(116,215)	(149,939)
Other comprehensive income					
<i>Items that may be reclassified to profit or loss</i>					
Movement in foreign currency translation reserve		(119,358)	(3,878)	-	-
Total comprehensive income		(231,795)	101,738	(116,215)	(149,939)
Earnings per share - continuing operations					
Basic earnings/(loss) per share (cents)	19	(1.38)	1.19		

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 2014

CONSOLIDATED				
Notes	Share Capital \$	Foreign Currency Translation Reserve \$	Retained Earnings \$	Total Equity \$
Balance at 1 April 2012	5,852,809	22,507	(2,200,120)	3,675,196
Comprehensive income				
Net profit 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
Balance at 31 March 2013	5,852,809	18,629	(2,094,504)	3,776,934
Comprehensive income				
Net (loss) after taxation	-	-	(112,437)	(112,437)
Other comprehensive income				
Movement in foreign currency translation reserve	-	(119,358)	-	(119,358)
Total comprehensive income	-	(119,358)	(112,437)	(231,795)
Transactions with owners				
Issue of share capital	6	800,000	-	800,000
Capital raising costs	6	(35,500)	-	(35,500)
Dividend paid		-	(223,110)	(223,110)
Total transactions with owners		764,500	-	541,390
Balance at 31 March 2014	6,617,309	(100,729)	(2,430,051)	4,086,529
PARENT				
Notes	Share Capital \$	Foreign Currency Translation Reserve \$	Retained Earnings \$	Total Equity \$
Balance at 1 April 2012	5,852,809	-	(4,040,625)	1,812,184
Comprehensive income				
Net (loss) after taxation	-	-	(149,939)	(149,939)
Total comprehensive income	-	-	(149,939)	(149,939)
Balance at 31 March 2013	5,852,809	-	(4,190,564)	1,662,245
Comprehensive income				
Net (loss) after taxation	-	-	(116,215)	(116,215)
Total comprehensive income	-	-	(116,215)	(116,215)
Transactions with owners				
Issue of share capital	6	800,000	-	800,000
Capital raising costs	6	(35,500)	-	(35,500)
Dividend paid		-	(223,110)	(223,110)
Total transactions with owners		764,500	-	541,390
Balance at 31 March 2014	6,617,309	-	(4,529,889)	2,087,420

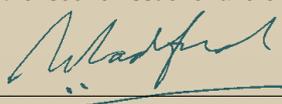
The Statement of Accounting Policies and the Notes to the Financial Statements form an integral part of these Financial Statements.

MOWBRAY COLLECTABLES LIMITED**Statement of Financial Position**

for the year ended 31 March 2014

	Notes	CONSOLIDATED		PARENT	
		Year Ended 31-Mar 2014 \$	Year Ended 31-Mar 2013 \$	Year Ended 31-Mar 2014 \$	Year Ended 31-Mar 2013 \$
EQUITY					
Share capital	6	6,617,309	5,852,809	6,617,309	5,852,809
Retained earnings		(2,430,051)	(2,094,504)	(4,529,889)	(4,190,564)
Foreign currency translation reserve		(100,729)	18,629	-	-
Total Equity		4,086,529	3,776,934	2,087,420	1,662,245
Represented by:					
CURRENT ASSETS					
Receivables		2,213,447	48,355	352	-
Prepayments		79,261	38,746	9,106	9,425
Cash & cash equivalents		1,030,574	37,327	-	-
Related party receivables	17	-	37,743	3,312,102	3,219,664
Taxation receivable	4	148,315	5,491	21,626	5,553
Inventory	7	1,599,174	1,707,968	-	-
Investments	13	480,112	-	750	-
Total Current Assets		5,550,883	1,875,630	3,343,936	3,234,642
CURRENT LIABILITIES					
Bank overdraft		574,258	258,789	411,066	258,789
Trade creditors		2,835,957	297,616	12,370	19,035
Other payables & accruals	8	495,547	251,216	279,606	237,986
Related party payables	17	-	-	5,546,821	4,509,232
Current portion of loan	9	345,781	139,662	118,338	139,662
Total Current Liabilities		4,251,543	947,283	6,368,201	5,164,704
NET CURRENT ASSETS/(LIABILITIES)		1,299,340	928,347	(3,024,265)	(1,930,062)
NON-CURRENT ASSETS					
Deferred tax	4	159,531	224,332	92,880	84,723
Property plant & equipment	10	243,839	39,809	-	-
Intangible assets	11	13,158	350	2,734	-
Goodwill	12	2,815,065	696,472	-	-
Investments	13	-	545,765	-	-
Investment in associates	14	-	1,420,075	-	1,525,054
Investment in subsidiaries	16	-	-	5,016,071	2,100,000
Agency receivables		39,265	39,254	-	-
Total Non-Current Assets		3,270,858	2,966,057	5,111,685	3,709,777
NON-CURRENT LIABILITIES					
Non-current portion of loan	9	483,669	117,470	-	117,470
Total Non-Current Liabilities		483,669	117,470	-	117,470
NET ASSETS		4,086,529	3,776,934	2,087,420	1,662,245

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



M. C. Radford - Chairman



J. R. Mowbray - Managing Director

30 June 2014

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 Cash Flows**

for the year ended 31 March 2014

	Notes	CONSOLIDATED		PARENT	
		Year Ended 31-Mar 2014 \$	Year Ended 31-Mar 2013 \$	Year Ended 31-Mar 2014 \$	Year Ended 31-Mar 2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash was provided from (applied to)					
Receipts from customers		4,045,052	2,607,204	-	31,723
Interest received		37,132	56,359	-	159
Management fees		-	42,744	-	-
Payments to suppliers		(2,250,000)	(1,973,893)	(301,557)	(258,497)
Payments to employees		(1,328,188)	(799,183)	(304,080)	(288,912)
Interest paid		(70,661)	(65,724)	(63,548)	(58,051)
Taxation (paid)/received		(104,656)	1,382	(16,073)	866
Net cash flow from operating activities	22	328,679	(131,111)	(685,258)	(572,712)
CASH FLOWS FROM INVESTING ACTIVITIES					
Cash was provided from (applied to)					
Purchase of property, plant and equipment	10	(8,022)	(1,543)	-	-
Sale of property, plant and equipment		2,733	-	-	-
Purchase of intangible assets		(2,734)	-	(2,734)	-
Purchase of subsidiary		(1,391,017)	-	(1,391,017)	-
Cash acquired with subsidiary		423,117	-	-	-
Purchase of investments		(750)	-	(750)	-
Dividends received from associate		212,060	128,857	212,060	128,857
Repayment of investment in First East Auction Holdings Pty Ltd		-	51,203	-	-
Net cash flows from investing activities		(764,613)	178,517	(1,182,441)	128,857
CASH FLOWS FROM FINANCING ACTIVITIES					
Cash was provided from (applied to)					
Dividend (paid)		(223,110)	-	(223,110)	-
Share capital issued (net of costs)		764,500	-	764,500	-
Loans received/(repaid)		572,306	(226,091)	1,174,032	301,453
Net cash flow from financing activities		1,113,696	(226,091)	1,715,422	301,453
Net increase/(decrease) in cash held		677,762	(178,685)	(152,277)	(142,402)
Operating cashflows from discontinued activities		16	760	-	-
Cash & cash equivalents at beginning of year		(221,462)	(43,152)	(258,789)	(116,387)
Effect of exchange rate change on cash & cash equivalents		-	(385)	-	-
Cash & cash equivalents at end of year		456,316	(221,462)	(411,066)	(258,789)
Comprising:					
Cash at bank - New Zealand		1,020,029	29,724	-	-
Bank overdraft - New Zealand		(574,258)	(258,789)	(411,066)	(258,789)
Cash at bank - Australia		10,545	7,603	-	-
		456,316	(221,462)	(411,066)	(258,789)

MOWBRAY COLLECTABLES LIMITED

Statement of Accounting Policies

for the year ended 31 March 2014

STATEMENT OF COMPLIANCE

Mowbray Collectables Limited ("the Company") is registered under the Companies Act 1993 and is an issuer in terms of the Financial Reporting Act 1993.

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 for-profit 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 for-profit 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 2017. The standard is not expected to have a material impact on the Group.

REPORTING ENTITY & PERIOD

For the results for the year ended 31 March 2014 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
- Peter Webb Galleries Limited (acquired 1 November 2013)
- Webb Fine Wines Limited (acquired 1 November 2013)

These entities are 100% owned by Mowbray Collectables Limited.

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.

MOWBRAY COLLECTABLES LIMITED

Statement of Accounting Policies

for the year ended 31 March 2014

Deferred tax assets

The Group carries deferred tax assets totalling \$159,531 (2013: \$224,332) 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 it is probable they are recoverable in the future.

Goodwill

The Directors have reviewed each income-generating unit and tested the goodwill allocated for impairment. They are satisfied that there has been no impairment to goodwill during the year. The breakdown of goodwill and inputs for impairment calculations are provided at note 12.

Inventory

Inventory is valued at the lower of cost or net realisable value. When collections are initially purchased they are held at cost. As an auction item is described, lotted, and allocated a value for cataloguing cost is estimated to be 30% of the expected net realisable value. After auction inventory has been through a defined number of cycles the unsold inventory is valued at a net realisable value of nil. The breakdown of inventory is provided at note 7.

Investments

The investment in First East Auction Holdings Pty Limited has been written off during 2014. The fair value of the investment has been reviewed by the directors, and they doubt any further funds are recoverable.

The investment in the SA Unit Trust has been treated 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.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods in these financial statements, and have been applied consistently by Group entities.

New standards and interpretation

The following new financial reporting standards and amendments to standards are effective from 1 January 2013 and have been applied in preparing these financial statements.

NZ IAS 1 Presentation of Financial Statements

NZ IFRS 10 Consolidated Financial Statements

NZ IAS 27 Separate Financial Statements

NZ IAS 28 Investments in Associates and Joint Ventures

NZ IFRS 10 replaces NZ IAS 27 Consolidated and Separate Financial Statements and NZ SIC-12 Consolidation - Special Purpose entities. It has been issued concurrently with:

- NZ IFRS 11 Joint Arrangements;
- NZ IFRS 12 Disclosure of Interests in Other Entities;
- NZ IAS 27 (revised 2011) - this included amendments for the issue of NZ IFRS 10, but retains current guidance for separate financial statements; and
- NZ IAS 28 (revised 2011) - this has been amended for conforming changes based on the issue of NZ IFRS 10 and NZ IFRS 11.

The objective of NZ IFRS 10 is to establish control as a single basis for consolidation for all entities, regardless of the nature of the investee. The definition of control includes three elements - power over an investee, exposure or rights to variable returns of the investee, and the ability to use power over the investee to affect the investor's returns. The adoption of NZ IFRS 10 has not resulted in the identification of any additional subsidiaries.

NZ IFRS 13 Fair Value Measurement

It defines fair value and provides a single source of fair value measurement and disclosure requirements for use across all NZ IFRSs. The requirements do not extend the use of fair value accounting, but provide guidance on how it should be applied where its use is already required or permitted by another NZ IFRS. NZ IFRS 13 applies prospectively for annual periods beginning on or after 1 January 2013. The adoption of NZ IFRS 13 has not resulted in any changes in the measurement of fair value financial assets or liabilities

(a) Translation of Financial Statements of Foreign Operations

The consolidated financial statements are presented in New Zealand dollars, which is the Company's functional currency and the Group's presentation currency. The financial statements are rounded to the nearest dollar.

MOWBRAY COLLECTABLES LIMITED

Statement of Accounting Policies

for the year ended 31 March 2014

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.

(b) Consolidation of Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If there is a deficit (i.e. a bargain purchase), the deficit is recognised directly in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions with non-controlling interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with owners in their capacity as owners. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(c) Revenue Recognition

Sale of Goods

Income from the sale of goods is recognised when the 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 revenues are recognised as accrued, taking into account the effective yield of the financial asset.

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 transferred ownership and payment of the goods.

MOWBRAY COLLECTABLES LIMITED**Statement of Accounting Policies**

for the year ended 31 March 2014

Management Fees

Management fees are recognised in the period in which the services are performed.

Consulting Fees

Consulting fees are recognised in the period in which the services are performed.

(d) 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 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.

(e) Foreign Currency Transactions

Foreign currency transactions are recognised at the spot rate on the date of the transaction. 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.

(f) Financial Instruments***Financial assets***

There are four categories of financial assets and the Group classifies its investments in the following two 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

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for the year ended 31 March 2014

are included in current assets, except for those with maturities greater than 12 months after balance date which are classified as non-current assets. These are classified as receivable within the statement of financial position and 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 are its investments, which comprise of First East Auction Holdings Pty Ltd and S.A. Unit Trust, as detailed at note 12. All 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 previously held its investment in Peter Webb Galleries Limited as an available for sale financial asset at cost. It is now a subsidiary of the Group.

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.

Financial assets are recognised net of impairment losses, which are recognised immediately in profit or loss. The Group assesses at each balance date whether there is objective evidence that a financial asset or a group of financial assets are impaired. Financial assets with objective evidence of impairment, such as a deterioration in the credit worthiness of the counterparty, are tested for impairment by comparing the carrying value to the recoverable amount. Financial assets are derecognised when the right to receive cash flows has expired or has been transferred.

(g) Inventory

Inventory is valued at the lower of cost or net realisable value. When collections are initially purchased they are held at cost. As an item is described, lotted, and allocated a value for cataloguing, cost is estimated to be 30% of the expected net realisable value. After inventory has been through a defined number of cycles the unsold inventory is valued at a net realisable value of nil.

(h) Property, Plant & Equipment

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

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

Motor vehicles 30% DV

Rates applied to 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.

(i) Intangible Assets

Intangible assets comprise software applications and websites which have a finite useful lives, and trademarks which have indefinite useful lives. They are recorded at cost less accumulated amortisation and impairment. The following rates have been applied consistently over the life of the assets.

Software 48% - 60% DV

Trademarks 0% DV

Websites 50% - 60% DV

MOWBRAY COLLECTABLES LIMITED**Statement of Accounting Policies**

for the year ended 31 March 2014

(j) Goodwill

Goodwill, representing the excess of the cost of acquisition over the fair value of the identifiable net assets 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 profit or loss and is not subsequently reversed.

(k) 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 or with indefinite lives 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 profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses other than for goodwill, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss 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.

(l) 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.

(m) 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.

(n) 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.

The Group contributes to a defined contribution plan which is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the profit or loss in the period during which services are rendered to employees.

(o) 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 profit or loss over the period of the borrowing using the effective interest rate.

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for the year ended 31 March 2014

(p) 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 (net of incentives received from lessors) 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.

(q) 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.

(r) Statement of Cash Flows

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

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. Overdrafts are recognised as current liabilities on the face of the statement of financial position.

"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.

(s) Associates

Interests in associated are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss of equity accounted investees, until the date significant influence ceases or the associate becomes a subsidiary.

(t) Discontinued Operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operates
- is part of a single co-ordinated plan to dispose of separate major line of business or geographical are of operations; or
- is a subsidiary acquired exclusively with a view to re-sale

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classifies as held-for-sale.

(u) Share Capital

Ordinary shares are classified as capital. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction.

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

for the year ended 31 March 2014

	CONSOLIDATED		PARENT	
	Year Ended 31-Mar 2014 \$	Year Ended 31-Mar 2013 \$	Year Ended 31-Mar 2014 \$	Year Ended 31-Mar 2013 \$
1. Total Revenue				
Sale of goods	2,055,243	2,328,822	-	-
Auction commission	1,848,036	272,215	-	-
Management fees	-	30,627	32,400	63,027
Dividend received	-	-	212,060	128,857
Foreign exchange gain	92,480	-	92,480	-
Consulting fees	-	12,117	-	-
Operating revenue	3,995,759	2,643,781	336,940	191,884
Interest income	22,787	56,359	280,538	259,721
	4,018,546	2,700,140	617,478	451,605
2. Other Expenses				
Included in Other Expenses are the following expenses:				
Audit fees (Note 5)	70,000	45,000	70,000	45,000
Bad debts	279	3,687	-	-
Directors' fees	59,266	45,000	53,016	45,000
Foreign exchange loss	55,582	-	-	-
Legal fees	37,207	6,257	35,247	6,257
Operating lease rental expenses	274,842	145,165	-	-
Donations made	135	-	-	-
Sundry	873,530	619,076	185,855	147,620
	1,370,841	864,185	344,118	243,877
3. Employee Benefit Expense				
Included in Employee benefit expense are the following expenses:				
Wages & salaries	1,133,058	795,163	268,607	277,243
Defined contribution plan	29,507	8,919	18,047	8,919
Sundry	73,532	9,228	3,361	2,750
	1,236,097	813,310	290,015	288,912

MOWBRAY COLLECTABLES LIMITED

Notes to the Financial Statements

for the year ended 31 March 2014

	CONSOLIDATED		PARENT	
	Year Ended 31-Mar 2014 \$	Year Ended 31-Mar 2013 \$	Year Ended 31-Mar 2014 \$	Year Ended 31-Mar 2013 \$

4. Taxation

(a) Taxation recognised in the income statement

Taxation (expense)/income comprises				
Current tax (expense)/income	38,805	-	-	-
Deferred (tax)/income relating to the origination and reversal of temporary differences	(77,942)	(20,199)	8,157	(612)
Total tax (expense)/income	(39,137)	(20,199)	8,157	(612)
Continuing operations				
Continuing operations	40,336	(389)	8,157	(612)
Discontinued operations	(79,473)	(19,810)	-	-
Total tax (expense)/income	(39,137)	(20,199)	8,157	(612)
Income/(Loss) from continuing operations	(203,612)	133,479	(124,372)	(149,327)
Taxation refund/(expense) calculated at 28%	57,011	(37,374)	34,824	41,812
Effect of different tax rates in other countries	(425)	(1,269)	-	-
Gross up dividend from investment	(23,129)	(15,479)	(23,091)	(15,462)
Imputation credits received	82,603	51,542	82,468	51,542
Non-deductible expenses	(102,538)	(13,924)	(40,188)	(15,241)
Prior year tax losses utilised	47,928	23,625	65,322	23,625
Deferred tax not recognised	(99,093)	(25,218)	(47,632)	(25,218)
Prior period adjustment	(1,494)	(2,102)	-	(2,102)
Group loss offsets	-	-	(63,546)	(59,568)
Total tax (expense)/income	(39,137)	(20,199)	8,157	(612)

(b) Current tax assets and liabilities

Current tax liability / (assets):				
Tax refund payable / (receivable)	(148,315)	(5,491)	(21,626)	(5,553)

(c) Deferred tax balances

Deferred tax asset comprise:				
Temporary differences	159,531	224,332	92,880	84,723

Taxable and deductible temporary differences arise from the following:

CONSOLIDATED 2014					
	Opening balance	Charged to income	Exchange differences	Acquired on Consolidation	Closing balance
Deferred tax assets:					
Employee entitlements	46,554	(10,699)	-	28,341	64,196
Income tax losses	160,359	(79,473)	(14,959)	-	65,927
Other expenses	17,419	12,230	(241)	-	29,408
	224,332	(77,942)	(15,200)	28,341	159,531

CONSOLIDATED 2013					
	Opening balance	Charged to income	Exchange differences	Closing balance	
Deferred tax assets:					
Employee entitlements	41,512	5,042	-	46,554	
Income tax losses	183,978	(21,897)	(1,722)	160,359	
Other expenses	20,774	(3,344)	(11)	17,419	
	246,264	(20,199)	(1,733)	224,332	

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

for the year ended 31 March 2014

	PARENT 2014			
	Opening balance	Charged to income	Exchange differences	Closing balance
Deferred tax assets:				
Employee entitlements	45,360	(3,989)	-	41,371
Income tax losses	23,625	-	-	23,625
Other expenses	15,738	12,146	-	27,884
	84,723	8,157	-	92,880

	PARENT 2013			
	Opening balance	Charged to income	Exchange differences	Closing balance
Deferred tax assets:				
Employee entitlements	39,762	5,598	-	45,360
Income tax losses	25,727	(2,102)	-	23,625
Other expenses	19,846	(4,108)	-	15,738
	85,335	(612)	-	84,723

(d) Imputation credit account balances

	CONSOLIDATED		PARENT	
	Year Ended 31-Mar 2014	Year Ended 31-Mar 2013	Year Ended 31-Mar 2014	Year Ended 31-Mar 2013
	\$	\$	\$	\$
Balance at beginning of the year	174,936	123,909	161,252	106,893
Imputation credits attached to dividends received	82,603	55,224	82,468	55,224
Imputation credits attached to dividends paid	(86,765)	-	(86,765)	-
Taxation paid	111,975	9,898	21,626	5,553
Taxation refunded	(7,368)	(14,095)	(5,553)	(6,418)
Other debits/(credits)	-	-	-	-
Balance at end of the year	275,381	174,936	173,028	161,252

5. Remuneration of Auditors

	CONSOLIDATED		PARENT	
	Year Ended 31-Mar 2014	Year Ended 31-Mar 2013	Year Ended 31-Mar 2014	Year Ended 31-Mar 2013
	\$	\$	\$	\$
Audit of the financial statements	70,000	45,000	70,000	45,000
	70,000	45,000	70,000	45,000

Staples Rodway Auckland (previously Staples Rodway Wellington) is auditor of Mowbray Collectables Limited and Group.

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

MOWBRAY COLLECTABLES LIMITED

Notes to the Financial Statements

for the year ended 31 March 2014

6. Share Capital

	CONSOLIDATED & PARENT			
	Year Ended 31 March 2014		Year Ended 31 March 2013	
	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
Shares issued during the year	1,600,000	800,000	-	-
Costs of raising new share capital	-	(35,500)	-	-
Share capital at end of year	12,755,523	6,617,309	11,155,523	5,852,809

On 8 November 2013, the Company issued a further 1,600,000 shares at \$0.50 per share in order to raise capital for the Peter Webb Galleries acquisition.

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.

7. Inventory

	CONSOLIDATED		PARENT	
	Year Ended 31-Mar 2014	Year Ended 31-Mar 2013	Year Ended 31-Mar 2014	Year Ended 31-Mar 2013
	\$	\$	\$	\$
Auction inventory held at cost	690,436	708,985	-	-
Auction inventory held at 30% of estimated realisable value	761,464	750,433	-	-
WWF Chapters on hand	147,274	248,550	-	-
Total Inventory	1,599,174	1,707,968	-	-

As noted in the accounting policies inventory is valued at the lower of cost or net realisable value. Once inventory has been described, lotted, and catalogued the Company has determined that cost approximates 30% of estimated realisable value. The Company believes that 30% of estimated realisable value reflects both the initial cost of the inventory plus the value that is added to it by internal processes.

8. Other Payables and Accruals

	CONSOLIDATED		PARENT	
	Year Ended 31-Mar 2014	Year Ended 31-Mar 2013	Year Ended 31-Mar 2014	Year Ended 31-Mar 2013
	\$	\$	\$	\$
Other payables and accruals	266,272	69,020	131,852	76,167
Employee entitlements	229,275	182,196	147,754	161,819
Total other payables and accruals	495,547	251,216	279,606	237,986

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

for the year ended 31 March 2014

9. Loans

	CONSOLIDATED		PARENT	
	Year Ended 31-Mar 2014 \$	Year Ended 31-Mar 2013 \$	Year Ended 31-Mar 2014 \$	Year Ended 31-Mar 2013 \$
Total loans owing:				
J.R. Mowbray	-	19,243	-	19,243
Loan from ANZ Bank	118,338	237,889	118,338	237,889
Loan from Westpac Bank	711,112	-	-	-
	829,450	257,132	118,338	257,132
Repayable as follows:				
J.R. Mowbray	-	19,243	-	19,243
ANZ Bank - 1005	118,338	120,419	118,338	120,419
Westpac Bank	227,443	-	-	-
Current	345,781	139,662	118,338	139,662
ANZ Bank - 1005	-	117,470	-	117,470
Westpac Bank	483,669	-	-	-
Non-Current	483,669	117,470	-	117,470
Total	829,450	257,132	118,338	257,132

ANZ Bank - 1005**Repayment:** \$11,266 per month**Interest Rate:** 8.05%**Security:** First Priority General Security
Agreement over all assets of Mowbray Collectables Limited**Westpac Bank****Repayment:** \$22,222 per month**Interest Rate:** 6.45%**Security:** First Priority General Security
Agreement over all assets of Peter Webb Galleries Limited and a guarantee from Mowbray Collectables Limited

MOWBRAY COLLECTABLES LIMITED

Notes to the Financial Statements

for the year ended 31 March 2014

10. Property, Plant & Equipment

CONSOLIDATED					
	Leasehold Improvements \$	Office furniture and plant & equipment \$	Motor vehicles \$	Computer equipment \$	Total \$
Gross carrying amount					
Balance at 1 April 2012	67,156	114,336	-	47,169	228,661
Additions	-	1,543	-	-	1,543
Disposals	-	-	-	-	-
Balance at 31 March 2013	67,156	115,879	-	47,169	230,204
Additions	2,394	556	-	5,072	8,022
Acquired on consolidation	121,299	47,377	32,306	29,282	230,264
Foreign exchange movement	-	(1,191)	-	-	(1,191)
Disposals	-	-	(830)	(10,330)	(11,160)
Balance at 31 March 2014	190,849	162,621	31,476	71,193	456,139
Accumulated depreciation					
Balance at 1 April 2012	49,189	87,992	-	43,087	180,268
Depreciation expense	2,371	5,704	-	2,052	10,127
Disposals	-	-	-	-	-
Balance at 31 March 2013	51,560	93,696	-	45,139	190,395
Depreciation expense	6,121	11,907	4,271	9,224	31,523
Foreign exchange movement	-	(131)	-	-	(131)
Disposals	-	-	-	(9,487)	(9,487)
Balance at 31 March 2014	57,681	105,472	4,271	44,876	212,300
Net book value					
As at 31 March 2013	15,596	22,183	-	2,030	39,809
As at 31 March 2014	133,168	57,149	27,205	26,317	243,839

11. Intangible Assets

CONSOLIDATED				
	Trademarks \$	Website \$	Software \$	Total \$
Gross carrying amount				
Balance at 1 April 2012	-	-	33,913	33,913
Additions	-	-	-	-
Balance at 31 March 2013	-	-	33,913	33,913
Additions	2,734	-	-	2,734
Acquired on consolidation	1,400	6,778	3,591	11,769
Balance at 31 March 2014	4,134	6,778	37,504	48,416
Accumulated amortisation				
Balance at 1 April 2012	-	-	33,240	33,240
Amortisation expense	-	-	323	323
Balance at 31 March 2013	-	-	33,563	33,563
Amortisation expense	-	1,170	525	1,695
Balance at 31 March 2014	-	1,170	34,088	35,258
Net book value				
As at 31 March 2013	-	-	350	350
As at 31 March 2014	4,134	5,608	3,416	13,158

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

for the year ended 31 March 2014

	PARENT	
	Trademarks \$	Total \$
Gross carrying amount		
Additions	2,734	2,734
Balance at 31 March 2014	2,734	2,734
Net book value		
As at 31 March 2013	-	-
As at 31 March 2014	2,734	2,734

12. Goodwill

	CONSOLIDATED		PARENT	
	Year Ended 31-Mar 2014 \$	Year Ended 31-Mar 2013 \$	Year Ended 31-Mar 2014 \$	Year Ended 31-Mar 2013 \$
Gross carrying amount				
Balance at beginning of year	696,472	696,472	-	-
Goodwill acquired on consolidation of Peter Webb Galleries Limited	2,118,593	-	-	-
Balance at end of year	2,815,065	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	2,815,065	696,472	-	-

Allocation of goodwill to cash-generating units

Goodwill has been allocated for impairment testing purposes to six 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
- Peter Webb Galleries Limited

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

	CONSOLIDATED	
	Year Ended 31-Mar 2014 \$	Year Ended 31-Mar 2013 \$
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
Peter Webb Galleries Limited	2,118,593	-
	2,815,065	696,472

MOWBRAY COLLECTABLES LIMITED

Notes to the Financial Statements

for the year ended 31 March 2014

Description of cash generating unit and assumptions used to assess impairment

J R Mowbray Philatelist

This division remains one of the main income-generating units of the New Zealand divisions and has demonstrated consistent profits since the company was floated in 2000. 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 20.4% (2013: 16.7%).

John Mowbray International

This division is linked in its performance with the operations of J R Mowbray Philatelist. 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 20.4% (2013: 16.7%).

House of Stamps

This division is also linked in its performance with J R Mowbray Philatelist, but with a different range of products and services. The staff are also operational assistants within the coin sales area and both these sales areas have been combined in this impairment testing calculation. 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 20.4% (2013: 18.7%).

Wildlife Philatelic Collections Pty Limited

This is a standalone business operation based in Australia. 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 20.4% (2013: 17.0%).

World Wide Fund for Nature Stamp Program

The WWF stamp operation in New Zealand is significantly smaller than Australia. Although the division is self-sufficient in product inventory, it does have the flexibility and strength in the alliance with Wildlife Philatelic Collections Pty Limited in 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 20.4% (2013 18.5%).

Peter Webb Galleries Limited

This cash generating unit comprises the businesses of Peter Webb Galleries and Webbs Fine Wines. 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 20.4%.

Cash flows beyond March 2019 have been extrapolated using a steady growth rate of 3% (2013: 3%) for all cash generating units.

For each cash-generating unit, there are no reasonably possible changes in key assumptions (on which management has based its determination of the recoverable amount) that would cause the carrying amount of goodwill to exceed its recoverable amount.

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

for the year ended 31 March 2014

13. Investments

Name of Company	CONSOLIDATED		PARENT	
	Carrying Amount		Carrying Amount	
	2014	2013	2014	2013
	\$	\$	\$	\$
<i>Current</i>				
<i>Available for sale</i>				
S.A. Unit Trust - Units	265,710	-	-	-
Buddybid Limited - Shares	750	-	750	-
<i>Loans & Receivables</i>				
S.A. Unit Trust - Loan	213,652	-	-	-
	480,112	-	750	-
<i>Non-current</i>				
<i>Available for sale</i>				
First East Auction Holdings Pty Limited	-	4,929	-	-
S.A. Unit Trust - Units	-	270,418	-	-
<i>Loans & Receivables</i>				
S.A. Unit Trust - Loan	-	270,418	-	-
	-	545,765	-	-
Total	480,112	545,765	750	-

The reporting date of First East Auction Holdings Pty Ltd is 31 December. First East Auction Holdings Pty Ltd 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 Group wrote off its investment in First East Auction Holdings Pty Limited during 2014. The impairment loss has been recognised as a separate line item in the profit or loss. This asset was reported in the "other segments" category, for segment reporting purposes.

The reporting date of Buddybid Ltd is 31 March. Buddybid Ltd is incorporated in New Zealand and the company operates a Facebook based auction system. The Group has a 4.00% interest in Buddybid Limited. Subsequent to balance date the Company sold its interest in Buddybid Limited for a confidential sum. The amount is not material to the financial statements.

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. Subsequent to balance date the Company advised the SA Unit Trust of its desire to dispose of its units and loan.

The directors have decided to treat the 25% investment in the SA Unit Trust (being the combination of units and loan notes) as an investment held at cost rather than an associate and equity accounted. The directors have considered whether fair value of the asset can be reliably determined but do not believe this is possible due to the inability to access key information required to determine fair value.

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

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

The loan does not attract interest.

MOWBRAY COLLECTABLES LIMITED

Notes to the Financial Statements

for the year ended 31 March 2014

14. Investments in Associates

Name of Company	CONSOLIDATED		CONSOLIDATED	
	Ownership and Voting Interest		Carrying Amount	
	2014	2013	2014	2013
	%	%	\$	\$
Peter Webb Galleries Limited	100	49	-	1,420,075
(NZ auctioneer)			-	1,420,075

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 were included in the consolidated financial statements. On 1 November 2013 the Group acquired the remaining 50.67% of Peter Webb Galleries Limited that it did not own. As at that date Peter Webb Galleries Limited became a subsidiary of the Group. The acquisition is discussed further in note 27.

Peter Webb Galleries Limited is incorporated in New Zealand.

Carrying amount of Investments in Associates

	CONSOLIDATED		PARENT	
	Year Ended 31-Mar 2014	Year Ended 31-Mar 2013	Year Ended 31-Mar 2014	Year Ended 31-Mar 2013
	\$	\$	\$	\$
Carrying amount at beginning of year	1,420,075	1,420,135	1,525,054	1,525,054
Share of net surplus/(deficit)	6,461	128,797	-	-
Dividend received	(212,060)	(128,857)	-	-
Transfer of associate to subsidiary	(1,214,476)	-	(1,525,054)	-
Carrying amount at end of year	-	1,420,075	-	1,525,054
Goodwill in the carrying amount of associates	-	894,227	-	894,227

15. Summarised financial information of associates

	CONSOLIDATED		PARENT	
	Year Ended 31-Mar 2014	Year Ended 31-Mar 2013	Year Ended 31-Mar 2014	Year Ended 31-Mar 2013
	\$	\$	\$	\$
Current assets	-	3,259,642	-	3,259,642
Non-current assets	-	466,744	-	466,744
Current liabilities	-	(2,450,852)	-	(2,450,852)
Non-current liabilities	-	-	-	-
Net assets	-	1,275,534	-	1,275,534
Revenue	-	3,720,686	-	3,720,686
Net Profit	-	262,851	-	262,851

16. Investment in Subsidiaries

Subsidiaries owned	Carrying Values 2014 \$	Carrying Values 2013 \$	Principal Activities	Country of Incorp.
Mowbray Bethunes Limited	1,151,220	1,151,220	Stamp, philatelic, rare book dealer, retailer & auctioneer	New Zealand
World Wide Fund for Nature Stamp Program (New Zealand Agency)	139,230	139,230	International stamp program agency	New Zealand
Wildlife Philatelic Collections Pty Limited	809,550	809,550	International stamp program agency	Australia
Mowbrays Australia Pty Limited	-	-	Non trading	Australia
Auction Investments Limited	-	-	Holding company	New Zealand
Auction Investments SA Limited	-	-	Holding company	New Zealand
Peter Webb Galleries Limited	2,916,071	-	Auctioneer	New Zealand
Webbs Fine Wines Limited	-	-	Speciality Wine Auctioneer	New Zealand
	5,016,071	2,100,000		

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

for the year ended 31 March 2014

The percentage holding in all subsidiaries at 31 March 2014 is 100%. At 31 March 2013 all subsidiaries except Peter Webb Galleries Limited and Webbs Fine Wines Limited were 100% owned. Peter Webb Galleries Limited and Webbs Fine Wines Limited were 49% owned at that date and accounted for as associates per note 14.

All subsidiaries have a balance date of 31 March.

Subsequent to balance date Auction Investments Limited and Auction Investments SA Limited amalgamated with Mowbray Bethunes Limited.

17. Related Parties**(a) Parent Entities**

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

(b) Equity interests in related partiesEquity interests in subsidiaries

Details of the percentage of ordinary shares held in the subsidiaries are disclosed in note 16 to the financial statements.

Equity interests in associates

Details of interests in associates are disclosed in note 14 to the financial statements.

(c) Transactions

Related Party Transactions	CONSOLIDATED		PARENT	
	Year Ended 31-Mar 2014 \$	Year Ended 31-Mar 2013 \$	Year Ended 31-Mar 2014 \$	Year Ended 31-Mar 2013 \$
Management fees				
Wildlife Philatelic Collection Pty Limited	-	-	32,400	32,400
Barlow International Pty Limited	15,022	17,158	-	-
Interest Income				
Auction Investments Limited	-	-	249,110	228,156
Auction Investments SA Limited	-	-	31,189	31,406
Fulfilment Services				
Barlow International Pty Limited	(55,122)	(68,742)	-	-
Rent				
Barlow International Pty Limited	(25,198)	(28,214)	-	-
J.R. Mowbray	(120,466)	(116,951)	-	-
Advances				
Mowbray Bethunes Limited	-	-	523,587	376,550
Peter Webb Galleries Limited	-	-	789,000	-
J.R. Mowbray	(13,953)	(23,046)	(13,953)	(23,046)
Loans Recieved				
J.R. Mowbray	-	(19,243)	-	(19,243)
Total transactions	(199,717)	(239,038)	1,611,333	626,223

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

The Parent made no purchases from subsidiaries.

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

MOWBRAY COLLECTABLES LIMITED

Notes to the Financial Statements

for the year ended 31 March 2014

During the year the executive directors received the following remuneration: JR Mowbray \$194,000. DK Heather was previously a director, his remuneration has been disclosed along with other staff who's salary exceeds \$100,000 in the statutory information.

Barlow International Pty Limited is a related party by virtue of common directorship with one of the group subsidiary entities, Wildlife Philatelic Collections Pty Limited.

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.

(d) Outstanding Balances

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

Related Party Receivables	CONSOLIDATED		PARENT	
	Year Ended 31-Mar 2014 \$	Year Ended 31-Mar 2013 \$	Year Ended 31-Mar 2014 \$	Year Ended 31-Mar 2013 \$
Mowbrays Australia Pty Limited	-	-	-	141,500
Auction Investments Limited	-	-	2,766,006	2,516,897
First East Auction Holdings Pty Limited	-	37,743	-	37,743
Auction Investments SA Limited	-	-	546,096	523,524
Total receivable	-	37,743	3,312,102	3,219,664

Related Party Payables	CONSOLIDATED		PARENT	
	Year Ended 31-Mar 2014 \$	Year Ended 31-Mar 2013 \$	Year Ended 31-Mar 2014 \$	Year Ended 31-Mar 2013 \$
Mowbray Bethunes Limited	-	-	3,727,672	3,290,154
Wildlife Philatelic Collections Pty Limited	-	-	1,029,399	1,219,078
Peter Webb Galleries Limited	-	-	789,750	-
Total payable	-	-	5,546,821	4,509,232

Loans	CONSOLIDATED		PARENT	
	Year Ended 31-Mar 2014 \$	Year Ended 31-Mar 2013 \$	Year Ended 31-Mar 2014 \$	Year Ended 31-Mar 2013 \$
J.R. Mowbray	-	19,243	-	19,243
Total payable	-	19,243	-	19,243

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%
- Peter Webb Galleries Limited loan to Mowbray Collectables Limited - 6.45%
- Wildlife Philatelic Collections Pty Limited loan to Mowbray Collectables Limited - 0.00%
- Mowbray Bethunes Limited loan to Mowbray Collectables Limited - 0.00%

The value of the balances receivable have been reviewed and all aside from First East Auction Holdings Pty Limited (an investment of the Group as disclosed in note 13) are considered recoverable. During 2014 the Group impaired the balance owed by First East Auction Holdings Pty Limited (\$37,743) to nil due to the irrecoverability of the balance. This impairment has been recognised in "All Other Segments" within the segmental analysis in note 21. No other provisions for impairment are required (2013: nil).

The related party receivables in the consolidated statement of financial position are receivables in respect of agencies held by the Group.

The ANZ Bank has provided a guarantee of \$75,000 to NZX Limited on behalf of the Group. The bank holds a personal guarantee from Company director John Mowbray to cover this obligation.

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

for the year ended 31 March 2014

18. Discontinued operations

	CONSOLIDATED	
	Year Ended 31-Mar 2014 \$	Year Ended 31-Mar 2013 \$
Revenue	-	-
Expenses	9,445	7,663
Net profit/(loss) before taxation	(9,445)	(7,663)
Taxation (expense)/benefit	(79,471)	(19,811)
Net (loss) after taxation	(88,916)	(27,474)

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.

19. Earnings Per Share

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

	CONSOLIDATED	
	Year Ended 31-Mar 2014 \$	Year Ended 31-Mar 2013 \$
Surplus/(deficit) from continuing operations	(163,276)	133,090
Surplus/(deficit) from discontinuing operations	(88,916)	(27,474)
Weighted average number of ordinary shares	11,822,190	11,155,523
Earnings/(loss) per share (cents) (continuing operations)	(1.38)	1.19
Earnings/(loss) per share (cents) (discontinued operations)	(0.75)	(0.24)
Total earning/(loss) per share (cents)	(2.13)	0.95
Distributions to shareholders	223,110	-
Dividend per share (cents)	2.00	-

20. Operating Leases

Future minimum lease payments	CONSOLIDATED		PARENT	
	Year Ended 31-Mar 2014 \$	Year Ended 31-Mar 2013 \$	Year Ended 31-Mar 2014 \$	Year Ended 31-Mar 2013 \$
Commitments in respect of non-cancellable operating leases:				
Not later than one year	402,608	117,926	-	-
Later than one year and not later than two years	398,947	117,926	-	-
Later than two years and not later than five years	1,026	-	-	-
	802,581	235,852	-	-

Amounts recognised in profit or loss	CONSOLIDATED		PARENT	
	Year Ended 31-Mar 2014 \$	Year Ended 31-Mar 2013 \$	Year Ended 31-Mar 2014 \$	Year Ended 31-Mar 2013 \$
Lease expense	456,968	116,951	-	-

MOWBRAY COLLECTABLES LIMITED

Notes to the Financial Statements

for the year ended 31 March 2014

21. Segment Information

The Group has four main reportable segments:

Peter Webb Galleries segment – This represents the Peter Webb Galleries auction business.

Auction segment – These divisions and subsidiaries are involved in the purchase and processing of philatelic and numismatic material for both postal and public auction, and auction art, wine and artifacts. In New Zealand an international public auction is held annually for the sale of the Group's own material and on behalf of vendors. The postal auction process involves the Group's 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.

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.

Non-current assets other than financial instruments, and deferred tax assets held outside of the New Zealand geographical segment are not material for financial reporting purposes.

MOWBRAY COLLECTABLES LIMITED

Notes to the Financial Statements

for the year ended 31 March 2014

REPORTABLE SEGMENTS	CONSOLIDATED				
	Peter Webb Galleries segment	Auction segment	Retail segment	All other segments	Total
	2014 \$	2014 \$	2014 \$	2014 \$	2014 \$
Revenue					
Turnover	-	1,377,569	677,674	-	2,055,243
Auction commission	1,547,580	300,456	-	-	1,848,036
Sundry revenue	-	-	-	92,480	92,480
Management fees	-	-	-	-	-
Operating Revenue	1,547,580	1,678,025	677,674	92,480	3,995,759
Purchases	-	266,695	196,495	-	463,189
Employee benefits	439,928	468,659	37,495	290,015	1,236,097
Finance income	59	-	3	22,725	22,787
Finance cost	6,699	415	-	63,548	70,661
Depreciation (note 9)	24,144	5,100	2,279	-	31,523
Amortisation (note 10)	1,527	168	-	-	1,695
Associate profit (note 13)	-	-	-	6,461	6,461
Impairment	-	-	-	42,677	42,677
Segment surplus/(deficit) before taxation from continuing operations	160,939	232,754	79,918	(677,223)	(203,612)

GEOGRAPHIC SEGMENTS	CONSOLIDATED		
	Australia Retail segment	Total NZ	Total
	2014 \$	2014 \$	2014 \$
Revenue			
Turnover	494,583	1,560,660	2,055,243
Auction commission	-	1,848,036	1,848,036
Sundry revenue	-	92,480	92,480
Management fees	-	-	-
Operating Revenue	494,583	3,501,176	3,995,759
Purchases	126,673	336,516	436,189
Employee benefits	-	1,236,097	1,236,097
Finance income	2	22,785	22,787
Finance cost	-	70,661	70,661
Depreciation (note 9)	2,279	29,244	31,523
Amortisation (note 10)	-	1,695	1,695
Associate profit (note 13)	-	6,461	6,461
Impairment	-	42,677	42,677
Segment surplus/(deficit) before taxation from continuing operations	58,824	(262,436)	(203,612)

MOWBRAY COLLECTABLES LIMITED

Notes to the Financial Statements

for the year ended 31 March 2014

REPORTABLE SEGMENTS	CONSOLIDATED			
	Auction segment 2013 \$	Retail segment 2013 \$	All other segments 2013 \$	Total 2013 \$
Revenue				
Turnover	1,502,664	826,158	-	2,328,822
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	830,465	30,627	2,643,781
Purchases	405,575	330,994	-	736,569
Employee benefits	469,449	42,939	300,922	813,310
Finance income	290	5	56,063	56,353
Finance cost	7,673	-	58,051	65,724
Depreciation (note 9)	7,174	2,953	-	10,127
Amortisation (note 10)	323	-	-	323
Associate profit (note 13)	-	-	128,797	128,797
Segment surplus/(deficit) before taxation from continuing operations	375,243	118,550	(360,314)	133,479

GEOGRAPHIC SEGMENTS	CONSOLIDATED		
	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
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 2014

22. 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 2014 \$	Year Ended 31-Mar 2013 \$	Year Ended 31-Mar 2014 \$	Year Ended 31-Mar 2013 \$
Surplus/(Deficit) from continuing operations	(163,276)	133,090	(116,215)	(149,939)
Non cash items:				
Depreciation	31,523	10,127	-	-
Amortisation	1,695	323	-	-
Impairment	42,677	-	37,743	-
Foreign exchange (gain)/loss	(34,848)	-	(92,480)	-
Deferred tax asset	(29,631)	415	(8,157)	612
Management fees	-	-	(32,400)	(32,400)
Interest	-	-	(280,538)	(259,562)
Dividend received	-	-	(212,060)	(128,857)
Associated share of net (surplus)/deficit	(6,461)	(128,797)	-	-
	4,955	(117,932)	(587,892)	(420,207)
Movements in working capital				
(Increase)/decrease in inventories	234,250	(40,081)	-	-
(Increase)/decrease in receivables & prepayments	(1,040,709)	(56,705)	(33)	1,096
Increase/(decrease) in payables	1,370,585	(26,114)	34,955	(4,528)
Increase/(decrease) in other payables & accruals	38,236	(24,725)	-	-
(Increase)/decrease in tax refundable	(115,362)	1,356	(16,073)	866
	487,000	(146,269)	18,849	(2,566)
Net cash inflow/(outflow)	328,679	(131,111)	(685,258)	(572,712)

23. Financial Instruments

The Group is party to financial instrument arrangements as part of its everyday operations. These include instruments such as cash & cash equivalents, receivables 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 it approximates fair value) 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 statement of financial position.

Currency Risk

The Group is exposed to foreign exchange risk as a result of offshore funding activities and transactions denominated in foreign currencies, arising from normal trading activities. The foreign exchange risk in relation to trading by the New Zealand group companies is immaterial, however transactions undertaken by Wildlife Philatelic Collections Pty Limited are predominantly denominated in Australian dollars.

In addition to ordinary trading Wildlife Philatelic Collections Pty Limited loans the Parent funds denominated in Australian dollars which subjects the Parent to foreign exchange risk on this loan.

The following table shows the impact on post-tax profit and equity if the New Zealand dollar had weakened/strengthened by 10 per cent against the currencies with which the Group has foreign currency risk with all other variables held constant.

MOWBRAY COLLECTABLES LIMITED

Notes to the Financial Statements

for the year ended 31 March 2014

	CONSOLIDATED		PARENT	
	Year Ended 31-Mar 2014 \$	Year Ended 31-Mar 2013 \$	Year Ended 31-Mar 2014 \$	Year Ended 31-Mar 2013 \$
<i>Profit or loss</i>				
Strengthened by 10%	5,673	(4,038)	49,902	55,003
Weakened by 10%	(6,935)	4,934	(60,992)	(67,226)
<i>Other comprehensive income</i>				
Strengthened by 10%	(78,620)	(97,850)	49,902	55,003
Weakened by 10%	96,090	119,592	(60,992)	(67,226)

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 bank overdraft facilities that will incur interest. The parent has a loan and overdraft facility with ANZ Bank New Zealand Limited and Peter Webb Galleries Limited has a loan and overdraft facility with Westpac Bank New Zealand Limited. 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.

The following table shows the impact on profit/(loss) for the year and equity of a movement in bank interest rates of 2.0% higher/lower with all other variables held constant.

	CONSOLIDATED		PARENT	
	Year Ended 31-Mar 2014 \$	Year Ended 31-Mar 2013 \$	Year Ended 31-Mar 2014 \$	Year Ended 31-Mar 2013 \$
<i>Profit or loss</i>				
Market Interest Rates Decrease by 2%	9,081	4,546	(34,328)	(29,829)
Market Interest Rates Increase by 2%	(9,081)	(4,546)	34,436	29,189
<i>Other comprehensive income</i>				
Market Interest Rates Decrease by 2%	9,081	4,546	(34,328)	(29,829)
Market Interest Rates Increase by 2%	(9,081)	(4,546)	34,436	29,189

Liquidity risk

Liquidity risk is the risk that assets held by the Group cannot readily be converted to cash to meet the Group's contracted cash flow obligations. Liquidity risk is monitored by continuously forecasting cash flows and matching the maturity profiles of financial assets and liabilities. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages liquidity risk by maintaining sufficient cash, or the availability of funding through an adequate amount of committed credit facilities.

The tables below analyse the Group's financial liabilities, into relevant maturity groupings based on the earliest possible contractual maturity date at the year end date. The amounts in the tables below are contractual undiscounted cash flows, which include interest through to maturity.

	Balance Sheet	Contractual Cash Flows \$	12 Months or Less \$	1 to 2 Years \$	2 Years + \$
<i>Consolidated for year ended 31 March 2014</i>					
Trade creditors	2,835,957	2,835,957	2,835,957	-	-
Secured bank facilities	1,403,708	1,472,344	1,002,820	287,448	182,076
	4,239,665	4,803,301	3,838,777	287,448	182,076

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

for the year ended 31 March 2014

	Balance Sheet	Contractual Cash Flows \$	12 Months or Less \$	1 to 2 Years \$	2 Years + \$
<i>Parent for year ended 31 March 2014</i>					
Trade creditors	12,370	12,370	12,370	-	-
Related party payables	5,546,821	5,546,821	5,546,821	-	-
Secured bank facilities	529,404	534,981	534,981	-	-
	6,088,595	6,094,172	6,094,172	-	-
<i>Consolidated for year ended 31 March 2013</i>					
Trade creditors	297,616	297,616	297,616	-	-
Secured bank facilities	515,921	539,678	415,763	123,915	-
	813,537	837,294	713,379	123,915	-
<i>Parent for year ended 31 March 2013</i>					
Trade creditors	19,035	19,035	19,035	-	-
Related party payables	4,509,232	4,509,232	4,509,232	-	-
Secured bank facilities	515,921	539,678	415,763	123,915	-
	5,044,188	5,067,945	4,944,030	123,915	-

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 \$4,018,546 and there were \$279 of bad debts (0.00%). The Group's credit policies are regarded as conservative and fiscally prudent.

Capital risk management

The main objective of capital risk management is to ensure the Group and Company operates as a going concern, meeting debts as they fall due, maintaining the best possible capital structure and reducing the cost of capital. Group and Company capital consists of share capital, foreign currency translation reserves, and the deficit of retained earnings. Group capital totals \$4,086,529 (2013: \$3,776,934), and Parent capital totals \$2,087,420 (2013: \$1,662,245). To maintain or alter the capital structure, the Group has the ability to review or cease dividends being paid to shareholders, return capital to shareholders, issue new shares, reduce or increase debt, or sell assets.

The Parent has no externally imposed bank financial covenants with ANZ Bank New Zealand Limited at this time. Peter Webb Galleries Limited has covenants imposed by Westpac Bank New Zealand Limited following the drawdown of the acquisition debt.

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

24. Subsequent Events

Subsequent to balance date the Company undertook the following:

- sold its interest in Buddybid Limited for a confidential sum
- advised the SA Unit Trust of its desire to dispose of its units and loan
- Auction Investments Limited and Auction Investments SA Limited amalgamated with Mowbray Bethunes Limited

There have been no other material events subsequent to balance date.

25. Commitments for Capital Expenditure

There were no commitments for expenditure as at 31 March 2014 (2013: \$Nil)

26. Contingent Liabilities and Assets

There were no Contingent Liabilities or Contingent Assets at 31 March 2014 (2013: \$Nil)

MOWBRAY COLLECTABLES LIMITED

Notes to the Financial Statements

for the year ended 31 March 2014

27. Acquisition of Peter Webb Galleries Limited

On 1 November 2013 Mowbray Collectables Limited acquired the remaining 50.67% of Peter Webb Galleries Limited it did not own. Peter Webb Galleries Limited is in the business of operating an auction house and was acquired to diversify the Group's activities.

The goodwill of \$2,118,513 arising from the acquisition is attributable to Peter Webb Galleries presence in the auction market. The goodwill is not deductible for income tax.

The following table summarises the consideration paid for Peter Webb Galleries Limited, the fair value of assets acquired, and liabilities assumed at acquisition date. The Group recognised a gain on acquisition of Peter Webb Galleries Limited totalling \$139,755.

	Year Ended 31-Mar 2014 \$
Consideration transferred	
Cash	1,391,017
Fair value of equity interest in Peter Webb Galleries Limited before the business combination	1,354,231
Total consideration transferred	2,745,248
Recognised amounts of identifiable assets acquired and liabilities assumed	
Bank Accounts	423,117
Debtors	1,023,506
Prepayments	127,047
Inventory	125,456
Related party receivables	1,500
Creditors	(1,118,807)
Accruals	(206,095)
GST payable	(18,564)
Income tax payable	(879)
Property, Plant & Equipment	230,264
Deferred tax asset	28,341
Intangible Assets	11,769
Total identifiable net assets	626,655
Goodwill acquired	2,118,593
Total consideration	2,745,248

Acquisition costs totalling \$44,391 have been excluded from the consideration transferred and have been recognised as an expense in the profit and loss in the current year in the 'other expenses' line. The revenue included in the consolidated statement of comprehensive income since 1 November 2013 contributed by Peter Webb Galleries Limited was \$1,547,580. Peter Webb Galleries Limited also contributed profit of \$194,905.

If Peter Webb Galleries Limited and Webbs Fine Wines Limited had been consolidated from 1 April 2013 total revenue reported for the Group would have been \$5,942,045 for the year, and would have reported a consolidated loss of (\$99,252) for the year.

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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 8 to 38, which comprise the Statements of Financial Position of the Company and Group as at 31 March 2014, Statements of Comprehensive Income, Statements of Changes in Equity and Statements of Cash Flows 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 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 unmodified audit opinion on cash flows and our qualified audit opinion on financial position and financial performance.

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

Basis for Qualified Opinion on Financial Position and Financial Performance

As at 31 March 2014, the Group has an auction inventory balance of \$761,464 included within inventory in the Statement of Financial Position which has been recorded at 30% of its estimated realisable value. The closing value of inventory has an impact on the changes in inventory included in the Statement of Comprehensive Income for the year then ended.

We were unable to obtain sufficient appropriate audit evidence on whether the carrying value of the auction inventory and the amount stated for changes in inventory in the Statement of Comprehensive Income met the requirements of New Zealand Equivalent to International Accounting Standard 2 *Inventories*, which requires inventories to be measured at the lower of cost and net realisable value. The Directors could not provide us with sufficient appropriate audit evidence to support their view that the valuation approach was a reasonable estimate of cost. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Qualified Opinion on Financial Position and Financial Performance

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements on pages 8 to 38:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards; and
- give a true and fair view of the financial position of the Company and Group as at 31 March 2014 and of their financial performance for the year then ended.

Opinion on Cash Flows

In our opinion, the financial statements on pages 8 to 38 give a true and fair view of the cash flows of the Company and Group for the year ended 31 March 2014.

Report on Other Legal and Regulatory Requirements

Sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993 require us to comment on whether we have obtained all the information and explanations that we have required from the Company and Group and whether we consider that proper accounting records have been kept by the Company and Group.

Except in respect of the matter noted in the Basis for Qualified Opinion paragraph, 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 our examination of those records.



STAPLES RODWAY AUCKLAND
AUCKLAND

30 June 2014

MOWBRAY COLLECTABLES LIMITED

Statutory and Shareholder Information

for the year ended 31 March 2014

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 and resigned on 31 December 2013.

C. G. Swasbrook was appointed a director on 18 November 2013.

Stock Exchange Listing

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

Substantial Security Holders

The Company's register of substantial security holders, prepared in accordance with section 25 of the Securities Amendment Act 1988 recorded the following information as at 4 May 2014.

Name	Number of Voting Securities
J. R. Mowbray	5,083,131
J. I. Urquhart Family A/C	1,430,000
New Zealand Central Securities Depository Limited	1,025,593
Sinclair Long Term Holdings Limited	800,000

At 4 May 2014 the total issued voting securities was 12,755,523.

Largest Shareholders

The names of the 20 largest shareholders and their holdings as at 4 May 2014 were:

Name	Number of Shares Held	Percentage of Issued Shares
J. R. Mowbray	5,083,131	39.85%
J. I. Urquhart Family A/C	1,430,000	11.21%
New Zealand Central Securities Depository Limited	1,025,593	8.04%
Sinclair Long Term Holdings Limited	800,000	6.27%
Goodson & Perron Family Trust	759,339	5.95%
Sir R. Brierley	560,000	4.39%
Walker and Hall Fine Gifts Limited	520,000	4.08%
S. M. Mowbray & R. A. Oldham	339,129	2.66%
Forsyth Barr Custodians Limited	129,600	1.02%
M. C. Radford	120,000	0.94%
C. Biggs	118,324	0.93%
R. A. Brierley	100,000	0.78%
Dagger Nominees Limited	83,466	0.65%
R. J. Gillatt	69,385	0.54%
B. A. Paradine	52,000	0.41%
PCS Investment Nominees Limited	50,600	0.40%
R. J. Dunlop & J. M. Dunlop	50,000	0.39%
Custodial Services Limited	48,816	0.38%
Forsyth Barr Custodians Limited	46,000	0.36%
APS Investments Limited	43,337	0.34%
Total	11,428,720	89.60%

MOWBRAY COLLECTABLES LIMITED

Statutory and Shareholder Information

for the year ended 31 March 2014

Spread of Shareholders

The spread of shareholders as at 4 May 2014 was:

Holding Range	No. of Holders	Total Shares	Percentage
1 - 1,000	24	15,775	0.12%
1,001 - 5,000	161	324,158	2.54%
5,001 - 10,000	44	331,424	2.60%
10,001 - 100,000	43	1,199,050	9.40%
100,001 - 5,000,000	11	10,885,116	85.34%
Total	283	12,755,523	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:

	2014 No of Shares	2013 No of Shares		
J. R. Mowbray				
Opening balance	4,765,060	4,765,060	Note 1 In the 2014 year, John Mowbray purchased shares as a part of the capital raising to acquire Peter Webb Galleries Limited. In addition he has a beneficial interest of 49,500 shares	
Movements	318,071	-		
Sale of shares	-	-		
Closing balance	5,083,131	4,765,060	Note 2 In the 2014 year, I.J Halsted's shareholding did not change. In addition he has a beneficial interest of 126,500 shares.	
I. J. Halsted				
Opening balance	34,375	34,375		
Movements	-	-	Note 3 In the 2014 year, M.C Radford's shareholding did not change.	
Sale of shares	-	-		
Closing balance	34,375	34,375		
M.C. Radford				
Opening balance	120,000	120,000	Note 4 C. Swasbrook does not hold any shares.	
Movements	-	-		
Sale of shares	-	-		
Closing balance	120,000	120,000		
C. Swasbrook				
Opening balance	-	-		
Movements	-	-		
Sale of shares	-	-		
Closing balance	-	-		

Directors' Remuneration

Directors' remuneration during the year was M. C. Radford \$25,307, I. J. Halsted \$25,550 (being directors fees from Mowbray Collectables Limited and as chairman of Peter Webb Galleries Limited), and C.G. Swasbrook \$7,077.

J. R. Mowbray, as managing director, received a salary of \$194,000 and D.K Heather, previously a director of the company, as finance director, received a salary of \$119,327.

Directors' and Officers' Composition

As at 31 March 2014 the gender composition of the Directors and Officers was:

Directors: four males and no females.

Officers: two males and one female.

MOWBRAY COLLECTABLES LIMITED**Statutory and Shareholder Information**

for the year ended 31 March 2014

Employees' Remuneration

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

	2014	2013
\$110,001 - \$120,000	1	0
\$120,001 - \$130,000	0	1
\$190,001 - \$200,000	1	0
\$200,001 - \$210,000	0	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 three non-executive directors including the Chairman and one executive director (the Managing Director). The Board has determined in accordance with NZX listing rule 3.3.3, that Murray Radford, Chris Swasbrook and Ian Halsted are independent directors of the company.

The profile of the directors can be found on page 45.

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 three 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 Chris Swasbrook. Murray Radford, a qualified chartered accountant, Ian Halsted, and Chris Swasbrook 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 \$52,077, which included \$7,077 paid on a pro-rata basis to Mr Swasbrook who was appointed as a director during the year.

The remuneration package of the executive director who is not entitled to receive any remuneration in his capacity as a director, is fixed by the non-executive directors. The executive director does not participate in discussion determining his 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 40.

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.

5. PETER WEBB GALLERIES LTD

18 Manukau Road, Newmarket, Auckland.

New Zealand's premier art auction house, 100% owned

AUSTRALIA

6. MOWBRAYS AUSTRALIA PTY LTD

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

This company is no longer operating

7. 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

8. FIRST EAST AUCTION HOLDINGS PTY LTD

10 Albion Avenue, Paddington NSW 2021

This company is no longer operating, 19.08% owned.

9. SOTHEBY'S AUSTRALIA

ANZAC House, 4 Collins Street, Melbourne, Vic 300

Australia's leading auction house, 25% owned.

Board of Directors

MURRAY RADFORD BCA, CA – CHAIRMAN

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

JOHN MOWBRAY BCA – MANAGING DIRECTOR

John is the largest shareholder of the company, holding 5,083,131 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 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.

CHRISTOPHER SWASBROOK BCOM (ECONOMICS) – DIRECTOR

Christopher is an independent director of the company. He is also chairman and a director of Peter Webb Galleries Limited.

Christopher is currently Managing Director of Elevation Capital Management Limited a global funds management company (which he founded) based in Auckland. He is also a member of the NZ Markets Disciplinary Tribunal and the NZX Listing Sub-Committee as well as a Trustee & Director of the Te Tuhi Contemporary Arts Trust in Auckland.

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

Christopher Swasbrook
(appointed 18 November 2013)
13a Waitoa Street
Parnell
Auckland

Registered Office

247-253 Main Highway
Otaki

Communication Addresses

Postal: Private Bag 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

Auditor

Staples Rodway
Auckland & Wellington

Accountants

BDO Wellington Limited

Lawyers

Quigg Partners, Wellington
Izard Weston, Wellington

Share Registrar

Link Market Services
PO Box 384
Ashburton

MOWBRAY COLLECTABLES GROUP

DID YOU KNOW THAT IN 2013 -
2014 WE ACHIEVED

\$14.7 million
group auction
sales.



Group operating revenue
\$3.9 million

Export sales of stamps
2013 - 2014
\$1.42 million

New Zealand Art
Auctions 2013 Webb's
market Share

37%



Approximate location of the diamond-stone, according to the report of Ptolemy, June 2, 1499.

Approximate location of the diamond-stone, according to the report of Ptolemy, June 2, 1499.

Spanish Portuguese

Belief in the existence of a great southern continent, of which Terra del Fuego and Australia would have formed part, was quite common in the sixteenth century. The Portuguese probably saw the northern coast of Australia in the course of their voyages to the Malay Archipelago, but the fact was not recorded.

Diego Rodriguez, 1543

Drake, 1580

Drake's ship 'Victoria', 1522



