



**MOWBRAY
COLLECTABLES**

MOWBRAY COLLECTABLES GROUP INTERIM REPORT

SEPTEMBER 2009



Elcano in Magellan's ship 'Victoria' 1522

Magellan 1522

of Capricorn

NEW ZEALAND'S 1949 ROYAL VISIT & HMS VANGUARD STAMPS

The ninth HMS Vanguard was a fast battleship launched in the final days of World War II and commissioned shortly after. She was the only one of her class and was the biggest, fastest and last of the Royal Navy battleships.

On 30 November 1944 Her Royal Highness the Princess Elizabeth launched the ship. Strenuous efforts were made to complete the fitting out in time for the final assault on Japan, but the unexpectedly sudden surrender of the Eastern enemy deprived her of this action. Some compensation accrued, however, as the final few months of her fitting out was less rushed and some relaxation had been possible in the austerity following the war.

She commissioned for trials on 25 April 1946 under the command of Captain W. G. Agnew, C.B., C.V.O., and D.S.O.

The first few months of the newly commissioned HMS Vanguard were very quiet until it was announced that the ship would be used to take the Royal Family to South Africa in early 1947. As the HMS Vanguard was to be used as a 'Royal Yacht' considerable alterations to the accommodation for the Royal Family and their retinue was required. This was the first time the King's daughter Elizabeth, then a princess, had left Britain.

In the summer of 1948 it was announced that another Royal Tour would be made using HMS Vanguard from January to July 1949; this time to Australia and New Zealand. After spending some time in the Mediterranean, HMS Vanguard returned home to Plymouth to prepare for the journey and in November 1948 shortly after her arrival news was received that in view of the King's health the proposed tour had been cancelled.

Waterlow & Sons of London printed 39 million stamps in values of 2d, 3d, 5d and 6d. All four values were shipped to New Zealand in 10 cases, from London. When the royal visit was cancelled because of the King's poor health, the stamps were ordered destroyed.

If they were destroyed then how is it that there is a number that exist today?

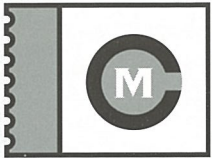
The story is that the stamps were being burnt at a furnace in Wellington when one of the men employed noticed a few stamps had been caught in the furnace door after it had been slammed shut. The man pulled these away and put them in his pocket. He later gave one or two away and kept one for himself. Geoff Grattan was the discoverer in 1978 of this 3d HMS Vanguard. One of Grattan's informants commented that the copy he had had in his possession for years was given to him by a man as security for £1 borrowed during a game of poker.



In mid 2009 whilst preparing for his annual public auction John Mowbray, managing director of John Mowbray International, succeeded in acquiring the original (Grattan) 3d HMS Vanguard for sale and offered it with a NZ\$25,000 estimate. This was sold for \$31,556 – a world record price for this stamp - including buyer's premium to a bidder based in Hong Kong on 7 November.

At the time (November 1978) of Grattan making his 3d HMS Vanguard discovery public only two were known; at the time of the John Mowbray International auction the total known had risen to four.

The HMS Vanguard was sold for scrap for £560,000 and on 4 August 1960 made her final departure from Portsmouth. Five days later she arrived at Faslane to be broken down and by the spring of 1962 the HMS Vanguard ceased to exist.



**MOWBRAY
COLLECTABLES**

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David Kessler
FINANCIAL DIRECTOR

John Mowbray
MANAGING DIRECTOR

Jan Hasted
CHAIRMAN

Henry Farnold
CHAIRMAN



MOWBRAY COLLECTABLES GROUP INTERIM RESULT

The directors announce an unaudited net profit after tax of \$41,632 for the six months ended 30 September 2009. This result compares with \$69,594 for the comparative period in 2008.

The New Zealand core business of stamp and coin auctions traded well with sales ahead by 19% on last year. Costs for the business units were also within budget expectations. International export sales remain a significant element of the sales mix and reflected overseas buyer confidence in the strong NZ dollar, up 17%.

The World Wide Fund for Nature stamp programmes in Australasia traded well, and contributed positively to the result.

The rebranding from Stanley Gibbons Australia to Mowbrays Australia has been disappointing and the company underperformed for the half-year. This again had a significant impact on the group interim profit. An imminent rationalisation of the business to avoid further deficits is to occur.

In Australia, our 20% owned associate, trading as Bonhams & Goodman, continues to grow with its recent acquisition of Sotheby's Australia Ltd, and traded extremely well for the half year. Bonhams & Goodman will continue to trade under that name until 1 January 2010 when it will change its name to Sotheby's Australia. This business now comprises auction rooms in Sydney, Melbourne, and Adelaide, and the business operations of Leonard Joel, auctioneers in Melbourne. Bonhams & Goodman is a major force in the Australian auction field.

Up to now there has been a softening in the fine art auction market, but the broad base of auction offerings has added strength to the business. The November-December auction sales are particularly strong and will provide an indicator of the sensitivity to global economic activity, both in Australia and New Zealand.

In New Zealand, Peter Webb Galleries (49% owned) traded profitably for the half year, ahead of expectations. Managing Director Neil Campbell has introduced some innovations that

continue to confirm Webb's as market leaders. One innovation is the motorcycle sales which have been a great success. The December art sale is particularly strong and we anticipate a robust second half performance.

This time last year reference was made to the extreme volatility in many global trading markets making short and long term predictions difficult. This continues but with diversified markets in both New Zealand and internationally and a broad product range in auctions (including our core business) the directors remain hopeful of a good full year result, especially if our associates continue to perform well.

Some of our highlights since September 30th include:

- John Mowbray International (November) a record stamp and coin sale of \$1.3m.
- J R Mowbray Philatelist, the monthly postal auctions continue to run at record levels.
- Sotheby's Australia Pty Ltd (November) had a A\$6.1m art sale, (budget A\$4m). This was one of the largest art auctions ever held in Australia.
- Bonhams & Goodman (November) had an A\$2.0m art sale.
- Webb's motorcycle auction (November) realised \$600,000.
- Sotheby's Australia Aboriginal art (November) realised A\$2.0m.
- Bonhams & Goodman have four sales of jewellery before Christmas with estimates totalling A\$8.5m.

The directors have not declared a dividend at this time but intend to consider such nearer the end of the financial year when the results of expected strong trading in this eventful third quarter are confirmed.

Murray Radford
CHAIRMAN

Ian Halsted
DIRECTOR

John Mowbray
MANAGING DIRECTOR

David Heather
FINANCE DIRECTOR



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Mowbray Collectables Limited**Consolidated Interim Income Statement**
for the period ended 30 September 2009

	Notes	Six Months Ended 30 Sept 2009 (Unaudited) \$	Six Months Ended 30 Sept 2008 (Unaudited) \$	Year Ended 31 March 2009 (Audited) \$
Operating revenue	2	1,696,310	2,012,838	4,068,592
Changes in inventory		(121,207)	(67,293)	(65,508)
Purchases		(317,541)	(338,113)	(770,438)
Employee benefits and expense		(593,782)	(735,640)	(1,306,846)
Office consumables		(261,224)	(228,853)	(420,106)
Promotional expenses		(78,220)	(143,183)	(291,453)
Other Expenses	3	(516,679)	(715,174)	(1,402,416)
Deficit before interest, depreciation, amortisation, share of associates net surplus and taxation		(192,342)	(215,418)	(188,175)
Depreciation		(5,679)	(13,594)	(26,274)
Amortisation		(666)	(356)	(708)
Deficit before interest, share of associates net surplus and taxation		(198,687)	(229,368)	(215,157)
Interest income	2	559	16,038	22,882
Interest expense		(27,798)	(38,889)	(69,219)
Deficit before share of associates net surplus and taxation		(225,926)	(252,219)	(261,494)
Share of associates' net surplus / (deficit)	5	200,552	246,867	(33,005)
Deficit before income tax		(25,374)	(5,352)	(294,499)
Taxation benefit / (deficit)		67,007	74,946	77,716
Net surplus after taxation		41,632	69,594	(216,783)
Earnings / (loss) per share:				
Basic (cents per share)		0.4	0.6	(2.0)

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

Mowbray Collectables Limited

Consolidated Interim Statement of Movements in Equity for the period ended 30 September 2009

	Six Months Ended 30 Sept 2009 (Unaudited) \$	Six Months Ended 30 Sept 2008 (Unaudited) \$	Year Ended 31 March 2009 (Audited) \$
Equity at beginning of period	4,184,724	4,338,671	4,338,671
Recognised revenues and expenses			
Net surplus / (deficit) after taxation	41,632	69,594	(216,783)
Movement in foreign currency translation reserve	<u>7,646</u>	<u>43,020</u>	<u>62,836</u>
Total recognised revenues and expenses	49,278	112,614	(153,847)
Equity at end of period	<u>4,234,003</u>	<u>4,451,285</u>	<u>4,184,724</u>

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

Mowbray Collectables Limited

Consolidated Interim Balance Sheet
as at 30 September 2009

Notes	Six Months Ended 30 Sept 2009 (Unaudited) \$	Six Months Ended 30 Sept 2008 (Unaudited) \$	Year Ended 31 March 2009 (Audited) \$
Equity			
Share capital	4	5,582,099	5,582,099
Accumulated deficit		(1,381,596)	(1,421,307)
Foreign currency translation reserve		33,500	23,932
Total Equity		<u>4,234,003</u>	<u>4,184,724</u>
Represented by:			
Current assets			
Cash & cash equivalents		4,950	257,534
Receivables & prepayments		432,563	646,756
Inventory		1,668,978	1,788,470
Taxation refundable		67,878	37,563
Total current assets		<u>2,174,369</u>	<u>2,728,323</u>
Current liabilities			
Trade creditors		840,474	1,046,227
Other payables & accruals		234,803	342,412
Current portion of loan		173,564	122,761
Total current liabilities		<u>1,248,841</u>	<u>1,511,400</u>
Working capital		<u>925,528</u>	<u>1,206,415</u>
Non current assets			
Deferred tax		211,416	127,112
Property plant & equipment		89,187	107,079
Intangible assets		3,483	1,751
Goodwill		696,472	696,472
Investments		13,041	-
Investment in associates	5	2,363,652	2,442,972
Related party receivables		88,715	-
Total non-current assets		<u>3,465,965</u>	<u>3,375,386</u>
Non current liabilities			
Related party payables		-	9,698
Non-current portion of loan		157,490	131,326
Total non current liabilities		<u>157,490</u>	<u>141,024</u>
Net assets		<u>4,234,003</u>	<u>4,184,724</u>

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

Mowbray Collectables Limited

Consolidated Interim Cash Flow Statement

for the period ended 30 September 2009

	Notes	Six Months Ended 30 Sept 2009 (Unaudited) \$	Six Months Ended 30 Sept 2008 (Unaudited) \$	Year Ended 31 March 2009 (Audited) \$
Cash flows from operating activities				
Cash was provided from / (applied to)				
Receipts from customers		2,294,577	2,462,308	4,125,645
Interest received		559	16,038	22,882
Other revenue		29,097	-	61,498
Dividends received		900	-	900
Payments to suppliers		(1,586,972)	(1,972,563)	(3,287,444)
Payments to employees		(593,782)	(686,313)	(1,306,846)
Interest paid		(27,798)	(38,889)	(69,219)
Taxation paid		(48,451)	(61,752)	(91,144)
Net cash flow from operating activities	6	68,130	(281,171)	(543,728)
Cash flows from investing activities				
Cash was provided from/(applied to)				
Purchase of investments		-	-	(13,041)
Purchase of intangible assets		(2,750)	(1,687)	(1,687)
Purchase of property, plant & equipment		-	(6,412)	(11,688)
Net cash flows from investing activities		(2,750)	(8,099)	(26,416)
Cash flows from financing activities				
Cash was provided from / (applied to)				
Loans received/(repaid)		(142,869)	44,719	165,480
Net cash flow from financing activities		(142,869)	44,719	165,480
Net decrease in cash held		(77,489)	(244,551)	(404,664)
Cash at beginning of year		81,260	459,066	459,066
Effect of exchange rate change on foreign currency balance		1,179	43,019	26,858
Cash at end of year		4,950	257,534	81,260
Comprising:				
Cash at bank	- New Zealand	(122,070)	(175,266)	(47,481)
	- Australia	127,020	432,800	128,741
		4,950	257,534	81,260

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

Mowbray Collectables Limited

Notes to the Financial Statements

for the period ended 30 September 2009

1. Summary of significant accounting policies

This general purpose financial report for the interim half year reporting period ended 30 September 2009 has been prepared in accordance with Accounting Standard NZ IAS 34 Interim Financial Reporting.

The interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly this report is to be read in conjunction with the annual report for the year ended 31 March 2009.

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period.

	Six Months Ended 30 Sept 2009 (Unaudited) \$	Six Months Ended 30 Sept 2008 (Unaudited) \$	Year Ended 31 March 2009 (Audited) \$
2. Total Revenue			
Turnover	1,345,322	1,365,991	2,654,773
Auction commission	320,991	641,654	1,352,398
Sundry revenue	29,997	5,193	61,421
Operating revenue	1,696,310	2,012,838	4,068,592
Interest income	559	16,038	22,882
	<u>1,696,869</u>	<u>2,028,876</u>	<u>4,091,474</u>

3. Other expenses

Included in other expenses are the following items:

Accounting fees	42,196	43,376	99,702
Audit fees	24,000	31,405	54,905
Bad debts	5,699	4,256	9,375
Directors' fees	22,425	19,000	38,000
Donations made	245	209	1,430
Legal fees	6,742	3,155	7,663
Operating lease rental expenses	128,901	163,138	329,139
Travel	46,633	129,016	170,267

	Six Months Ended 30 Sept 2009 (Unaudited)		Six Months Ended 30 Sept 2008 (Unaudited)		Year Ended 31 March 2009 (Audited)	
	Number	\$	Number	\$	Number	\$
4. Share Capital						
Ordinary Shares – fully paid						
Balance at beginning of period	10,855,523	5,582,099	10,855,523	5,582,099	10,855,523	5,582,099
Share capital at end of period	<u>10,855,523</u>	<u>5,582,099</u>	<u>10,855,523</u>	<u>5,582,099</u>	<u>10,855,523</u>	<u>5,582,099</u>

Mowbray Collectables Limited

Notes to the Financial Statements

for the period ended 30 September 2009

	Six Months Ended 30 Sept 2009 (Unaudited) \$	Six Months Ended 30 Sept 2008 (Unaudited) \$	Year Ended 31 March 2009 (Audited) \$
5. Investment in associates			
Carrying amount at beginning of period	2,163,100	2,196,105	2,196,105
Share of net surplus / (deficit)	<u>200,552</u>	<u>246,867</u>	<u>(33,005)</u>
Carrying amount at end of period	<u>2,363,652</u>	<u>2,442,972</u>	<u>2,163,100</u>
Goodwill in the carrying amount of associates	1,976,091	1,976,091	1,976,091
6. Net Cash Flow from Operating Activities			
<i>Reconciliation of income statement surplus / (deficit) with net cash flow from operating activities:</i>			
Reported surplus / (deficit) after taxation	41,632	69,594	(216,783)
Non cash items:			
Depreciation	5,679	13,594	26,274
Amortisation	666	356	708
Deferred tax asset	(73,728)	(75,980)	(86,556)
Foreign Exchange	7,983	-	33,653
Associated share of net (surplus) / deficit	<u>(200,552)</u>	<u>(246,867)</u>	<u>33,005</u>
	(259,952)	(308,897)	7,084
Movements in working capital excluding Movements relating to purchase of subsidiaries			
(Increase)/decrease in inventories	119,276	67,293	65,508
(Increase)/decrease in receivables	625,980	474,615	66,239
Increase/(decrease) in payables	(395,098)	(541,475)	(352,129)
Increase/(decrease) in other payables & accruals	(21,979)	18,417	(34,214)
Increase/(decrease) in tax payable	<u>(41,730)</u>	<u>(60,718)</u>	<u>(82,304)</u>
	<u>286,450</u>	<u>(41,868)</u>	<u>(336,900)</u>
Movements in investment activities:			
Loss on Disposal of Fixed Assets	-	-	2,871
Net cash inflow/(outflow)	<u>68,130</u>	<u>(281,171)</u>	<u>(543,728)</u>

Mowbray Collectables Limited

Notes to the Financial Statements

for the period ended 30 September 2009

7. Segmental Information	30 Sept 2009	Total 30 Sept 2008	30 Sept 2009	New Zealand 30 Sept 2008	30 Sept 2009	Australia 30 Sept 2008
	\$(Unaudited)	\$(Unaudited)	\$(Unaudited)	\$(Unaudited)	\$(Unaudited)	\$(Unaudited)
Revenue from external customers	1,696,310	2,012,838	1,114,614	826,739	581,696	1,186,099
Interest income	559	16,038	21	1,983	538	14,055
Interest expense	27,798	38,889	27,798	38,889	-	-
Surplus/(deficit) before income tax	(25,374)	(5,352)	198,759	(95,588)	(224,133)	90,236
Taxation	67,007	74,946	(82)	(32,448)	67,089	(42,498)
Surplus/(deficit) after taxation	41,632	69,594	198,677	(63,140)	(157,045)	132,734
Total Liabilities	1,406,331	1,652,424	642,787	652,929	773,544	999,495
Total Assets	5,640,334	6,103,709	4,788,206	3,776,146	852,128	2,327,563
Depreciation & amortisation	6,345	13,950	6,345	7,934	-	6,016
Acquisition of segment assets	-	13,384	-	2,266	-	11,118
Carrying value of investments accounted for using the equity method	2,363,652	2,442,972	1,315,186	1,329,363	1,048,466	1,113,609
Share of net profit/(loss) of associates accounted for under the equity method	200,552	246,867	71,149	15,908	129,403	230,959
		Total 31 March 2009	NZ 31 March 2009	Aus 31 March 2009		
		\$(Audited)	\$(Audited)	\$(Audited)		
Revenue from external customers		4,068,592	1,984,764	2,083,828		
Interest income		22,882	5,319	17,563		
Interest expense		(69,219)	(69,219)	-		
Surplus/(deficit) before income tax		(294,450)	(21,285)	(273,215)		
Taxation		77,716	(5,033)	82,749		
Surplus/(deficit) after taxation		(216,784)	(26,318)	(190,466)		
Total Liabilities		2,002,028	771,534	1,230,494		
Total Assets		6,186,752	3,851,683	2,335,069		
Depreciation & amortisation		(26,982)	(14,462)	(12,520)		
Acquisition of segment assets		13,384	2,266	11,118		
Carrying value of investments accounted for using the equity method		2,163,100	1,244,037	919,063		
Share of net profit/(loss) of associates accounted for under the equity method		(33,005)	(69,418)	36,413		

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

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

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.

John Mowbray International holds New Zealand's largest stamp auction annually, with an international clientele.

3. House of Stamps
Private Bag 63000, Wellington 6140.

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.

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

Australia

5. Mowbrays Australia Pty Ltd
36 Clarence Street, Sydney Phone 0061 2 9299 1300
422 Little Collins Street, Melbourne Phone 0061 3 9670 0086

Auctioneers of stamps and coins.

6. Wildlife Philatelic Collections Pty Ltd
P O Box 107, Rosebery, Sydney.

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

Investments

7. Peter Webb Galleries Ltd
18 Manukau Road, Newmarket, Auckland.

Mowbray Collectables Ltd owns 49% of this business, New Zealand's premier art auction house.

8. Bonhams & Goodman
7 Anderson Street,
Double Bay, Sydney.

Mowbray Collectables Ltd owns 20% of this business, Australia's largest auction house.

Directors

John Reader Mowbray
54 Winara Avenue
Waikanae

Ian Jeffrey Halsted
19A Lucerne Road
Remuera
Auckland

Murray Charles Radford
10/B Central Terrace
Kelburn
Wellington

David Keith Heather
29 Hona Street
Waikanae

Advisors to the Board (on Australian Operations)

Alan Pitt

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Bankers

The National Bank of New Zealand
Corporate Wellington

Auditors

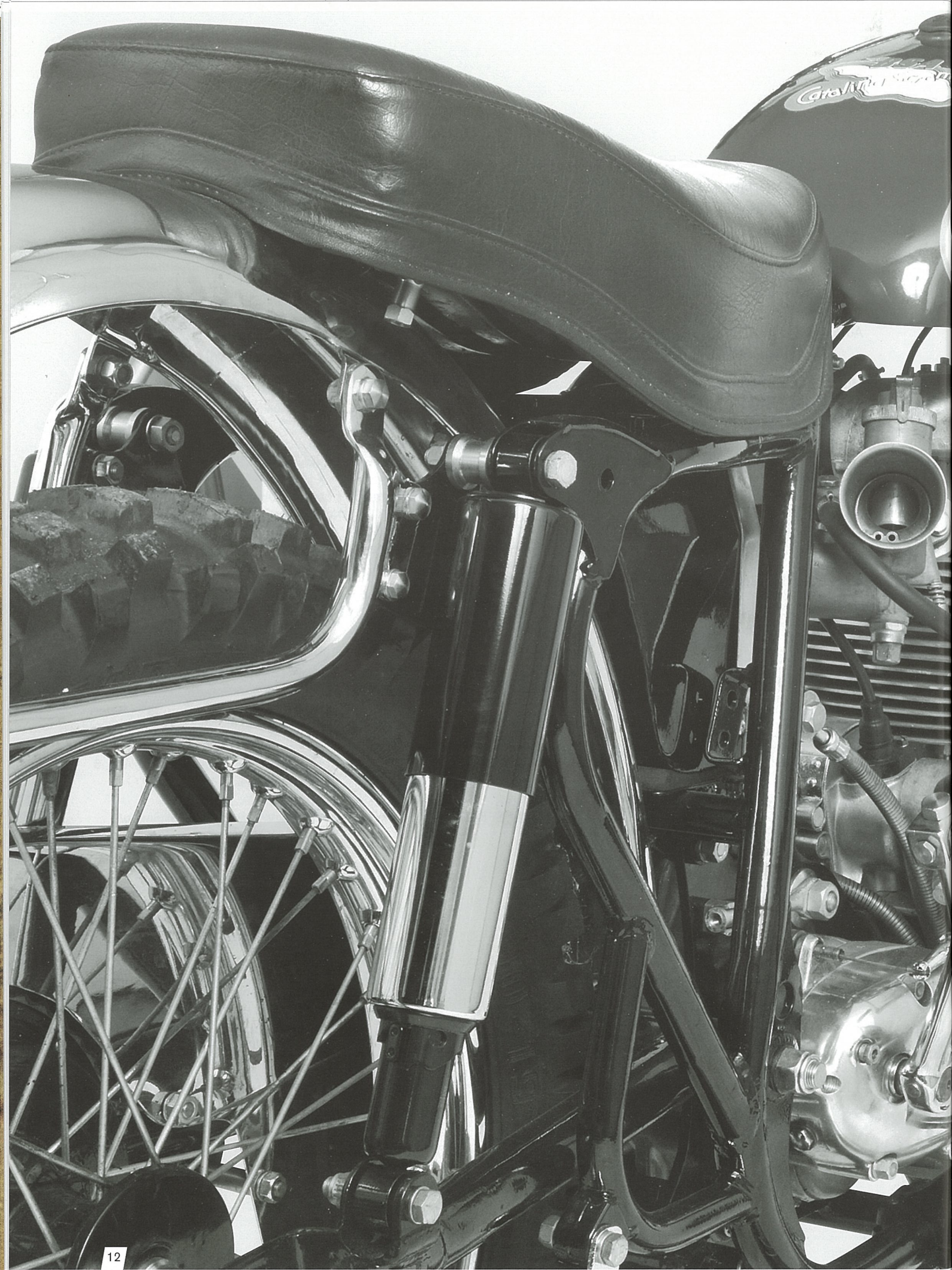
Martin Jarvie PKF
Wellington

Solicitors

Johnson Lawrence Lawyers
Wellington

Share Registrar

Link Market Services
PO Box 384
Ashburton





Webb's

ROARING SUCCESS

Webb's Summer Sale of Important Vintage Motorcycles saw unprecedented interest from local and international collectors keen to acquire high quality machinery. Held at Deus Ex Machina the opening event hosted over 400 interested folk and over the week no less than 6000 people made the journey to take in what could only be described a museum quality offering. With the media also taking a strong interest in the event the night of the sale saw 700 people attend the auction and with standing room only the event made for quite a spectacle. Sophie Coupland (Webb's Director) took the rostrum and went on to secure some of the highest prices paid for vintage machines seen in the country. Of the 41 machines offered 36 sold with record prices paid for many of the machines. Overall the entire event was a roaring success. With this key collectors are already in discussion with us about the next event planned for 2010.

HIGHLIGHTS

1973 Triumph Hurricane	\$47,000
1939 Triumph T100	\$55,000
1948 Indian Chief	\$56,000
1937 Velocette MSS	\$34,000
1904 Brown	\$28,000
1928 Bill Skilton Special	\$19,000
1963 BSA Super Rocket	\$28,000
1926 Douglas EW	\$25,500
1908 Triumph TT	\$28,000
1948 Harley Davidson Panhead	\$51,000
1911 Triumph TT500	\$17,500
1961 BSA Catalena	\$28,000
1919 Indian Power Plus	\$52,000
1973 BMW R90S	\$23,000

ALL PRICES EXCLUDE Buyers Premium (15% +GST)



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

Abbreviations:
 DOM - DOMINION, K - Kingdom, Port. - Portuguese.