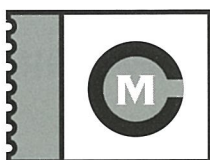


**MOWBRAY COLLECTABLES GROUP
INTERIM REPORT
SEPTEMBER 2007**



**MOWBRAY
COLLECTABLES**



MOWBRAY
COLLECTABLES

The directors are pleased to present the Interim Report, Financial Statements and Group Financial Statements of Mowbray Collectables Limited for the six months ended 30 September 2007.

DIRECTORS' REPORT

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Front Cover:

2004 \$2 Olympics Peter Snell Inverted Laminate Error - Complete sheet of 16 sold by John Mowbray International for \$34,500, October 2007

DIRECTORS' REPORT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2007

The directors are pleased to announce an unaudited net profit after tax of \$67,788 for the six months ended 30 September 2007. This result has been measured under the new international financial reporting standards (IFRS) and compares with the reported profit for the previous comparative period of \$30,500 under the old accounting standards and \$314,947 for the comparative period under IFRS. In common with previous years, the results for the first six months trading are not indicative of the likely outcome for the full year, which is expected to exceed last year's profit.

Post September 30, the major Mowbray International stamp auction achieved hammer sales of \$1.2 million creating a new revenue record; Bonhams & Goodman (20% owned) achieved \$3 million sales at their November sale; and the Stanley Gibbons auction in Sydney on November 28 realised \$1.2 million.

As reported to the annual meeting in August, the group's core stamp businesses, including the World Wide Fund for Nature stamp programme in Australia, continue to trade well with good stock levels to offer clients.

In Australia, the strong performance of Bonhams & Goodman continues and their profit contribution to the group is growing significantly. However, as a consequence of that growth we are yet to enjoy dividend cash flow, as the retained profits are used to finance the growth.

As expected, it is taking time to recover from the departure of three key employees from Peter Webb Galleries (49% owned), who have set up in opposition in Auckland. The New Zealand art market continues to evolve and is now beginning to settle in its new form. Strategies that have been put in place, in conjunction with new initiatives planned for the new calendar year, will ensure Webbs retains its position as New Zealand's leading art auction house.

The interim profit has been significantly impacted by the continuing poor performance of Stanley Gibbons Australia. A review of this business and its rebranding to Mowbrays Australia will allow a new approach to marketing including the use of the internet for its auctions. The February 2008 launch of the new brand in Melbourne, including an additional and significant Lionheart auction, should lead to a worthwhile contribution to the final annual result.

All group companies have been assessed for goodwill value under IFRS with the result that no impairment of goodwill is recognised in the September result. This means that providing these companies continue to trade at current or better levels, no further write down of goodwill should be needed.

Because of the activity imbalance between the two trading half years and the lack of a significant trading profit, leading to insufficient imputation credits, the directors have decided not to declare an interim dividend for the time being. However, payment of an interim dividend will be reviewed as the year progresses, and given the strong start to the second half the directors expect to announce a dividend at least equivalent to last year's dividend, before or at year's end.

Murray Radford
Chairman

Ian Halsted
Director

John Mowbray
Managing Director

David Heather
Finance Director

Mowbray Collectables Limited

Consolidated Interim Income Statement

for the period ended 30 September 2007

	Notes	Six Months ended 30 Sept 2007 \$	Six Months ended 30 Sept 2006 \$	Year Ended 31 March 2007 \$
Operating revenue	1	2,100,782	2,304,298	4,464,653
Surplus (deficit) before interest, taxation, depreciation and amortisation		<u>(140,139)</u>	<u>16,785</u>	<u>347,622</u>
Depreciation		15,661	11,708	27,612
Amortisation		194	372	745
Surplus (deficit) before interest, share of associates net surplus (deficit) and taxation		<u>(155,994)</u>	<u>4,705</u>	<u>319,265</u>
Interest income		81,732	80,878	22,179
Interest expense		<u>(103,014)</u>	<u>(91,972)</u>	<u>(44,276)</u>
Surplus (deficit) before share of associates net surplus (deficit) and taxation		<u>(177,276)</u>	<u>(6,389)</u>	<u>297,168</u>
Associates share of net surplus (deficit)		<u>187,572</u>	<u>329,271</u>	<u>182,859</u>
Surplus (deficit) before income tax		<u>10,296</u>	<u>322,882</u>	<u>480,027</u>
Taxation		<u>(57,492)</u>	<u>7,935</u>	<u>97,933</u>
Net surplus (deficit) after taxation		<u>67,788</u>	<u>314,947</u>	<u>382,094</u>

Statement of Movements in Equity

for the period ended 30 September 2007

	Notes	Six Months ended 30 Sept 2007 \$	Six Months ended 30 Sept 2006 \$	Year Ended 31 March 2007 \$
Equity at beginning of year		4,362,990	4,499,407	4,499,407
Recognised revenues and expenses				
Surplus (deficit) after taxation		67,788	314,947	382,094
Movement in foreign currency translation reserve		<u>24,342</u>	<u>(17,189)</u>	<u>(26,429)</u>
Total recognised revenues and expenses		<u>92,130</u>	<u>297,758</u>	<u>355,665</u>
Distributions to shareholders		<u>(277,433)</u>	<u>(327,887)</u>	<u>(492,082)</u>
Equity at end of year		<u>4,177,687</u>	<u>4,469,278</u>	<u>4,362,990</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 Balance Sheet

as at 30 September 2007

	Notes	Six Months ended 30 Sept 2007 \$	Six Months ended 30 Sept 2006 \$	Year Ended 31 March 2007 \$
EQUITY				
Share capital	3	5,582,099	5,582,099	5,582,099
Accumulated deficit		(1,374,728)	(1,068,035)	(1,165,084)
Foreign currency translation reserve		(29,684)	(44,786)	(54,025)
Total Equity		<u>4,177,687</u>	<u>4,469,278</u>	<u>4,362,990</u>
Represented by:				
CURRENT ASSETS				
Receivables & prepayments		751,370	958,329	843,933
Taxation refundable		50,115	(15,531)	4
Inventory		1,819,634	1,516,529	1,800,137
Total Current Assets		<u>2,621,119</u>	<u>2,459,327</u>	<u>2,644,074</u>
CURRENT LIABILITIES				
Bank accounts & deposits		122,567	(175,149)	(214,080)
Trade creditors		841,729	734,198	809,213
Other payables & accruals		242,598	278,269	260,378
Current portion of Loan		139,811	139,811	139,811
Current portion of hire purchase		-	4,355	2,233
Total Current Liabilities		<u>1,346,705</u>	<u>981,484</u>	<u>997,555</u>
WORKING CAPITAL		<u>1,274,414</u>	<u>1,477,843</u>	<u>1,646,519</u>
NON-CURRENT ASSETS				
Deferred tax		109,503	53,456	52,012
Plant & equipment		125,154	84,334	115,894
Intangible assets		613	1,180	807
Goodwill		696,472	696,472	696,472
Investment in associates	4	2,359,329	2,466,170	2,171,757
Related party receivables		37,452	18,518	70,382
Total Non-Current Assets		<u>3,328,523</u>	<u>3,320,130</u>	<u>3,107,324</u>
NON-CURRENT LIABILITIES				
Non-current payables		187,500	-	112,500
Non-current portion of loan		237,750	328,695	278,353
Total Non-Current Liabilities		<u>425,250</u>	<u>328,695</u>	<u>390,853</u>
NET ASSETS		<u>4,177,687</u>	<u>4,469,278</u>	<u>4,362,990</u>

For and on behalf of the Board of Directors


J. R. Mowbray
 Managing Director


M. C. Radford
 Chairman

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 2007

	Notes	Six Months ended 30 Sept 2007 \$	Six Months ended 30 Sept 2006 \$	Year Ended 31 March 2007 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash was provided from (applied to)				
Receipts from customers		2,056,158	2,356,284	4,676,153
Interest received		6,979	12,896	22,179
Other revenue		-	98,667	-
Dividends received		-	-	246,667
Payments to suppliers & employees		(2,033,489)	(2,424,838)	(4,448,622)
Interest paid		(28,305)	(23,990)	(44,276)
Taxation paid		(50,070)	(65,132)	(134,056)
Net cash flow from operating activities	5	(48,727)	(46,113)	318,045
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash was provided from (applied to)				
Proceeds from sale of plant & equipment		-	-	-
Purchase of plant & equipment		(24,922)	(16,572)	(64,036)
Net cash flows from investing activities		(24,922)	(16,572)	(64,036)
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash was provided from (applied to)				
Dividend (paid)		(277,433)	(327,887)	(492,082)
Loans received/(repaid)		(9,906)	27,005	(77,323)
Net cash flow from financing activities		(287,339)	(300,882)	(569,405)
Net increase/(decrease) in cash held		(360,988)	(363,567)	(315,396)
Cash at beginning of year		214,080	555,905	555,905
Effect of exchange rate change on foreign currency balance		24,341	(17,189)	(26,429)
Cash at end of year		(122,567)	175,149	214,080
Comprising:				
Cash at bank	- New Zealand	(267,790)	(1,596)	86,529
	- Australia	145,223	176,745	127,551
		(122,567)	175,149	214,080

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

Mowbray Collectables Limited

Statement of Accounting Policies

for the period ended 30 September 2007

Statement of Compliance

The Financial Statements have been prepared in accordance with the Companies Act 1993 and the Financial Reporting Act 1993.

These general purpose financial statements for the interim half year reporting period ended 30 September 2007 have been prepared in accordance with NZ IAS 34 Interim Financial Reporting.

The accounting policies used are compliant with New Zealand Equivalents to International Financial reporting Standards (NZ IFRS) and will be used in the Group's first annual NZ IFRS financial statements for the year ending 31 March 2008.

Reporting Entity & Period

For the results for the interim period to 30 September 2007 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
- Stanley Gibbons (Australia) Pty Limited
- Wildlife Philatelic Collections Pty Limited

Basis of Preparation of Half Year Financial Report

The accounting principles recognised as appropriate for the measurement and reporting of financial position on a historical cost basis are followed by the group.

Adoption of NZ IFRS 1 First time adoption of New Zealand Equivalents to International Financial Reporting Standards ('NZ IFRS')

The Group's financial statements for the year ending 31 March 2008 will be the Group's first annual financial statements that comply with NZ IFRS.

These consolidated interim financial statements have been prepared in accordance with NZ IAS 34 and do not include all the information required for full annual financial statements. They are also covered by NZ IFRS 1 First-time Adoption of New Zealand Equivalents to International Financial Reporting Standards because they are part of the period covered by the Groups first annual NZ IFRS financial statements for the year ending 31 March 2008.

NZ IFRS 1 requires an entity to use the same accounting policies in its opening NZ IFRS balance sheet and throughout all the periods presented in its first NZ IFRS financial statements. The Group has adjusted amounts reported in financial statements prepared in accordance with its old basis of accounting (previous NZ GAAP). Reconciliations and descriptions of the effect of transition from previous NZ GAAP to NZ IFRS on the Group's equity and its net income are given on note

Specific Accounting Policies

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

a) Consolidation of Subsidiaries

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

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

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

Mowbray Collectables Limited

Statement of Accounting Policies

for the period ended 30 September 2007

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

The group financial statements incorporate the financial statements of the Company and its subsidiaries, which have been consolidated using the purchase method.

All inter-company transactions, balances and unrealised profits are eliminated on consolidation.

The Australian subsidiaries Statement of Financial Performance is translated half yearly using the half yearly average exchange rate and the Statement of Financial Position is translated at the closing exchange rate as at 30 September. Exchange differences on foreign currency balances are recognised in the Statement of Financial Performance.

b) Equity Accounting of Associate Entities

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

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

c) Goodwill

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

d) Impairment of Assets

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

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

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

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

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

Mowbray Collectables Limited

Statement of Accounting Policies

for the period ended 30 September 2007

e) Receivables

Accounts receivable are stated at their estimated realisable value after making provision for any debts considered uncollectable.

f) Inventory

Inventory is valued at the lower of cost or net realisable value. Cost is the acquisition cost for each item of inventory purchased.

In circumstances where cost cannot be separately identified, the lower of cost or net realisable value is determined by using a percentage of face value or estimated selling value.

An obsolescence provision of 20% is applied to auction stock unsold after being available for sale in three auctions.

g) Plant & Equipment

Plant and equipment are recorded at historical cost less depreciation to date.

h) Depreciation

Depreciation has been calculated using the following rates:

Leasehold improvements	6% - 48% DV
Plant and equipment	10% - 80% DV
Furniture & fittings	14% - 40% DV
Computer equipment	40% - 60% DV

Rates applied to existing assets have been applied consistently over the life of the assets

i) 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.

j) Foreign Currency Transactions

Transactions denominated in foreign currencies are translated into the reporting currency using the exchange rate in effect at the transaction date. Exchange differences on foreign currency balances are recognised in the Statement of Financial Performance.

k) Financial Instruments

The Mowbray Collectables is party to financial instruments in the form of bank accounts, accounts receivable and accounts payable as part of its operations. These are recognised in the Statement of Financial Position and all revenue and expenses in relation to the financial instruments are recognised in the Statement of Financial Performance. The financial instruments are recorded at net cost less any provisions for doubtful debts.

l) Taxation

Current Tax

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

Deferred Tax

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

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither

Mowbray Collectables Limited

Statement of Accounting Policies

for the period ended 30 September 2007

taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

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

m) Intangible Assets

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

Software	48%
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n) Employee Entitlements

Employee entitlements to salaries and wages, annual and long service leave are recognised when they accrue to employees.

o) Translation of Financial Statements of Foreign Operations

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

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 Financial Performance.

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

"Cash" includes coins and notes, demand deposits and other highly liquid investments readily convertible into cash and includes at call borrowings, such as bank overdrafts, used by the Company and the Group and those activities relating to the cost of servicing the Company's and the Group's equity capital.

"Investing Activities" are those activities relating to the acquisition and disposal of current and non-current investments and any other non-current assets.

"Financing Activities" are those activities relating to changes in the equity and debt capital structure of the Company and the Group and those activities relating to the cost of servicing the Company's and the Group's equity capital.

"Operating Activities" include all transactions and other events that are not investing or financing activities

Mowbray Collectables Limited

Notes to the Financial Statements

for the period ended 30 September 2007

	Six Months ended 30 Sept 2007	Six Months ended 30 Sept 2006	Year Ended 31 March 2007
	\$	\$	\$
1. Total Revenue			
Sales revenue	1,979,878	2,190,796	4,400,326
Interest revenue	81,732	80,878	22,179
Sundry revenue	39,172	32,624	64,327
	<u>2,100,782</u>	<u>2,304,298</u>	<u>4,486,832</u>

2. Surplus (Deficit) before Income Tax

Included in the surplus (deficit) before income tax are the following

Expenses

Audit fees	17,610	18,115	47,254
Bad debts	12,176	4,534	5,921
Directors' fees	13,613	15,613	30,025
Legal fees	2,762	5,127	10,240
Operating lease rental expenses	128,580	139,380	270,198

3. Share Capital

	Six Months ended 30 Sept 2007		Six Months ended 30 Sept 2006		Year Ended 31 March 2007	
	Number	\$	Number	\$	Number	\$
Company and Group Ordinary Shares – fully paid						
Balance at beginning of year	10,855,523	5,582,099	9,868,714	5,582,099	9,868,714	5,582,099
Bonus issue of shares	-	-	986,809	-	986,809	-
Share capital at end of year	<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>

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.

	Six Months ended 30 Sept 2007	Six Months ended 30 Sept 2006	Year Ended 31 March 2007
	\$	\$	\$
4. Investment in Associates			
Carrying amount at beginning of year	2,171,757	2,235,564	2,235,564
Share of net surplus	187,572	329,271	182,859
Dividends received	-	(98,665)	(246,666)
Carrying amount at end of year	<u>2,359,329</u>	<u>2,466,170</u>	<u>2,171,757</u>

Mowbray Collectables Limited

Notes to the Financial Statements

for the period ended 30 September 2007

5. Net Cash Flow from Operating Activities

*Reconciliation of Statement of Financial Performance Surplus/(deficit)
with net cash flow from operating activities:*

	Six Months ended 30 Sept 2007 \$	Six Months ended 30 Sept 2006 \$	Year Ended 31 March 2007 \$
Reported surplus/(deficit) after taxation	67,788	314,947	382,094
Non cash items:			
Depreciation	15,660	11,708	27,612
Amortisation	194	372	745
Deferred tax asset	(57,492)	7,937	9,380
Associated share of net surplus	<u>(187,572)</u>	<u>(230,604)</u>	<u>63,807</u>
	(229,210)	(210,587)	101,544
Movements in working capital excluding Movements relating to purchase of subsidiaries			
(Increase)/decrease in inventories	(19,498)	51,326	(232,282)
(Increase)/decrease in receivables	92,562	146,148	260,545
Increase/(decrease) in payables	107,518	(285,221)	(97,704)
Increase/(decrease) in other payables & accruals	(17,775)	(32,759)	(50,649)
Increase/(decrease) in tax payable	<u>(50,112)</u>	<u>(29,967)</u>	<u>(45,503)</u>
	<u>112,695</u>	<u>(150,473)</u>	<u>(165,593)</u>
Net cash inflow/(outflow)	<u>(48,727)</u>	<u>(46,113)</u>	<u>318,045</u>

Mowbray Collectables Limited

Notes to the Financial Statements

for the period ended 30 September 2007

6. Segmental Information

	Total		New Zealand		Australia	
	30/9/07 \$	30/9/06 \$	30/9/07 \$	30/9/06 \$	30/9/07 \$	30/9/06 \$
External Revenue	2,100,790	2,304,298	986,039	1,034,392	1,114,751	1,269,906
Inter-segment Revenue	-	-	-	-	-	-
Surplus/(deficit) before income tax	10,296	322,882	152,087	287,883	(141,791)	34,999
Taxation	(57,492)	7,935	(11,637)	(828)	(45,855)	8,763
Surplus/(deficit) after taxation	<u>67,788</u>	<u>314,947</u>	<u>163,724</u>	<u>288,811</u>	<u>(95,936)</u>	<u>26,236</u>
Total Assets	<u>5,949,642</u>	<u>5,970,137</u>	<u>4,077,583</u>	<u>3,631,859</u>	<u>1,872,059</u>	<u>2,338,278</u>
Depreciation & amortisation	15,855	12,080	11,240	6,745	4,615	5,335
Other non-cash expenses	-	7,937	-	(825)	-	8,762
Acquisition of segment assets	29,492	13,791	19,500	1,860	9,992	11,931
Carrying value of investments accounted for using the equity method	2,359,329	2,466,170	1,305,400	1,546,566	1,053,929	919,604
Share of net profit/ (loss) of associates accounted for under the equity method	187,572	329,271	(6,733)	291,506	194,305	37,765

	Total	New Zealand	Australia
	31 March 2007 \$	31 March 2007 \$	31 March 2007 \$
External Revenue	4,464,653	1,974,653	2,490,000
Inter-segment Revenue	87,134	87,134	-
Surplus/(deficit) before income tax	480,027	127,992	352,035
Taxation	97,933	77,062	20,871
Surplus/(deficit) after taxation	<u>382,094</u>	<u>50,930</u>	<u>331,164</u>
Total Assets	<u>5,965,478</u>	<u>4,465,806</u>	<u>1,499,671</u>
Depreciation & amortisation	28,357	17,857	10,500
Other non-cash expenses	9,380	(2,204)	11,584
Acquisition of segment assets	57,903	43,965	13,938
Carrying value of investments accounted for using the equity method	2,171,757	1,312,132	859,625
Share of net profit/ (loss) of associates accounted for under the equity method	182,859	205,073	(22,214)

The group operates in wholesaling and auctioneering which the directors consider to be one industry segment.

Mowbray Collectables Limited

Notes to the Financial Statements

for the period ended 30 September 2007

7. Impact of the adoption of New Zealand Equivalents to International Financial Reporting Standards

(1) Reconciliation of equity reported under previous New Zealand Generally Accepted Accounting Principles (NZ GAAP) to equity under New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS)

(a) At the date of transition (1 April 2006)

	Notes	Previous NZ GAAP \$	Effect of transition to NZ IFRS \$	NZ IFRS \$
EQUITY				
Share capital		5,582,099		5,582,099
Accumulated deficit		(1,055,096)		(1,055,096)
Foreign currency translation reserve		(27,596)		(27,596)
Total Equity		<u>4,499,407</u>		<u>4,499,407</u>
Represented by:				
CURRENT ASSETS				
Bank accounts & deposits		555,905		555,905
Receivables & prepayments		1,104,474		1,104,474
Taxation refundable		(45,499)		(45,499)
Other current assets		75,000		75,000
Inventory		1,567,857		1,567,857
Total Current Assets		<u>3,257,737</u>		<u>3,257,737</u>
CURRENT LIABILITIES				
Trade creditors		1,019,416		1,019,416
Other payables & accruals		311,027		311,027
Current portion of Loan		139,811		139,811
Current portion of hire purchase		4,136		4,136
Total Current Liabilities		<u>1,474,390</u>		<u>1,474,390</u>
WORKING CAPITAL		<u>1,783,347</u>		<u>1,783,347</u>
NON-CURRENT ASSETS				
Deferred tax		61,392		61,392
Plant & equipment	(4)(a)	81,022	(1,552)	79,470
Goodwill		696,472		696,472
Intangible assets	(4)(a)	-	1,552	1,552
Investment in associates		2,235,565		2,235,565
Related party receivables		20,454		20,454
Total Non-Current Assets		<u>3,094,905</u>		<u>3,094,905</u>
NON-CURRENT LIABILITIES				
Non-current portion of loan		376,611		376,611
Non-current portion of hire purchase		2,234		2,234
Total Non-Current Liabilities		<u>378,845</u>		<u>378,845</u>
NET ASSETS		<u>4,499,407</u>		<u>4,499,407</u>

Mowbray Collectables Limited

Notes to the Financial Statements

for the period ended 30 September 2007

7. Impact of the adoption of New Zealand Equivalents to International Financial Reporting Standards (cont'd)

(b) At the end of the last reporting period (31 March 2007)

	Previous NZ GAAP	Effect of transition to NZ IFRS	NZ IFRS
	\$	\$	\$
EQUITY			
Share capital	5,582,099		5,582,099
Accumulated deficit	(4)(c) (1,733,969)	568,885	(1,165,084)
Foreign currency translation reserve	(54,025)		(54,025)
Total Equity	<u>3,794,105</u>		<u>4,362,990</u>
Represented by:			
CURRENT ASSETS			
Bank accounts & deposits	214,080		214,080
Receivables & prepayments	843,933		843,933
Taxation refundable	4		4
Inventory	1,800,137		1,800,137
Total Current Assets	<u>2,858,154</u>		<u>2,858,154</u>
CURRENT LIABILITIES			
Trade creditors	809,213		809,213
Other payables & accruals	260,378		260,378
Current portion of Loan	139,811		139,811
Current portion of hire purchase	2,233		2,233
Total Current Liabilities	<u>1,211,635</u>		<u>1,211,635</u>
WORKING CAPITAL	<u>1,646,519</u>		<u>1,646,519</u>
NON-CURRENT ASSETS			
Deferred tax	52,012		52,012
Plant & equipment	(4)(a) 116,701	(807)	115,894
Intangible Assets	(4 (a) -	807	807
Goodwill	(4)(b) 535,753	160,719	696,472
Investment in associates	(4)(b) 1,763,591	408,166	2,171,757
Related party receivables	70,382		70,382
Total Non-Current Assets	<u>2,538,439</u>		<u>3,107,324</u>
NON-CURRENT LIABILITIES			
Non-current creditors	112,500		112,500
Non-current portion of loan	278,353		278,353
Total Non-Current Liabilities	<u>390,853</u>		<u>390,853</u>
NET ASSETS	<u>3,794,105</u>		<u>4,362,990</u>

Mowbray Collectables Limited

Notes to the Financial Statements

for the period ended 30 September 2007

7. Impact of the adoption of New Zealand Equivalents to International Financial Reporting Standards (cont'd)

(c) As at 30 September 2006

		Previous NZ GAAP	Effect of transition to NZ IFRS	NZ IFRS
	Notes	\$	\$	\$
EQUITY				
Share capital		5,582,099		5,582,099
Accumulated deficit	(4)(c)	(1,352,479)	284,444	(1,068,035)
Foreign currency translation reserve		(44,786)		(44,786)
Total Equity		<u>4,184,834</u>		<u>4,469,278</u>
Represented by:				
CURRENT ASSETS				
Bank accounts & deposits		175,149		175,149
Receivables		958,329		958,329
Inventory		1,516,529		1,516,529
Total Current Assets		<u>2,650,007</u>		<u>2,650,007</u>
CURRENT LIABILITIES				
Payables & accruals		1,012,467		1,012,467
Taxation		15,531		15,531
Current portion of loans		139,811		139,811
Current portion of hire purchase		4,355		4,355
Total Current Liabilities		<u>1,172,164</u>		<u>1,172,164</u>
WORKING CAPITAL		<u>1,477,843</u>		<u>1,477,843</u>
NON-CURRENT ASSETS				
Deferred tax		53,456		53,456
Plant & equipment	(4)(a)	85,514	(1,180)	84,334
Intangible assets	(4)(a)		1,180	1,180
Goodwill	(4)(b)	616,112	80,360	696,472
Investment in associates	(4)(b)	2,262,086	204,084	2,466,170
Related party receivables		18,518		18,518
Total Non-Current Assets		<u>3,035,686</u>		<u>3,320,130</u>
NON-CURRENT LIABILITIES				
Non-current portion loan		328,695		328,695
Total Non-Current Liabilities		<u>328,695</u>		<u>328,695</u>
NET ASSETS		<u>4,184,834</u>		<u>4,469,278</u>

Mowbray Collectables Limited

Notes to the Financial Statements

for the period ended 30 September 2007

7. Impact of the adoption of New Zealand Equivalents to International Financial Reporting Standards (cont'd)

(2) Reconciliation of profit under previous NZ GAAP to profit under NZ IFRS

(a) For the year ended 31 March 2007

	Notes	Previous NZ GAAP \$	Effect of transition to NZ IFRS \$	NZ IFRS \$
Operating revenue		4,464,653		4,464,653
Surplus (deficit) before interest, taxation, depreciation and amortisation		347,622		347,622
Depreciation	(4)(a)	28,357	(745)	27,612
Amortisation	(4)(a,b)	160,719	(159,974)	745
Surplus (deficit) before interest, share of associates net surplus (deficit) and taxation		158,546		319,265
Interest income		22,179		22,179
Interest expense		(44,276)		(44,276)
Surplus (deficit) before share of associates net surplus (deficit) and taxation		136,449		297,168
Associates share of net surplus (deficit)	(4)(b)	(225,307)	408,166	182,859
Surplus (deficit) before income tax		(88,858)		480,027
Taxation		97,933		97,933
Net surplus (deficit) after taxation		(186,791)		382,094

Mowbray Collectables Limited

Notes to the Financial Statements

for the period ended 30 September 2007

7. Impact of the adoption of New Zealand Equivalents to International Financial Reporting Standards (cont'd)

(b) For the period ended 30 September 2006

	Notes	Previous NZ GAAP \$	Effect of transition to NZ IFRS \$	NZ IFRS \$
Operating revenue		2,304,298		2,304,298
Surplus (deficit) before interest, taxation, depreciation and amortisation		16,785		16,785
Depreciation	(4)(a)	12,080	(372)	11,708
Amortisation	(4)(a,b)	80,360	(79,988)	372
		(75,655)		4,705
Surplus (deficit) before interest, share of associates net surplus (deficit) and taxation				
Interest income		80,878		80,878
Interest expense		(91,972)		(91,972)
Surplus (deficit) before share of associates net surplus (deficit) and taxation		(86,749)		(6,389)
Associates share of net surplus (deficit)	(4)(b)	125,187	204,084	329,271
Surplus (deficit) before income tax		38,438		322,882
Taxation		7,935		7,935
Net surplus (deficit) after taxation		30,503		314,947

(3) Reconciliation of cash flow statement for the periods presented:
The adoption of NZ IFRS has not resulted in any material adjustment to the cash flow statement for the periods presented.

(4) Notes to the reconciliations:

(a) Software

Software was classified within fixed assets under previous NZ GAAP. Under NZ IFRS software is disclosed as an intangible asset.

		Six months ended 30 September 2006	Year ended 31 March 2007
Depreciation		(372)	(745)
Amortisation		372	745
	1 April 2006	30 September 2006	31 March 2007
Property, plant & equipment	(1,552)	(1,180)	(807)
Intangible Assets	1,552	1,180	807

Mowbray Collectables Limited

Notes to the Financial Statements

for the period ended 30 September 2007

(b) Amortisation of goodwill

Goodwill on subsidiaries and Associates was expensed under previous NZ GAAP. Under NZ IFRS Amortisation of intangible assets with an indefinite useful life is not permitted.

Business combinations have not been restated and the carrying value of good will at the date of transition (1 April 2006) has been accepted.

		Six months ended 30 September 2006	Year ended 31 March 2007
Amortisation		(80,360)	(160,719)
Share of associates net surplus (deficit)		204,084	408,166
		1 April 2006	30 September 2006
		31 March 2007	
Goodwill	-	160,719	160,719
Investment in associates	-	408,166	408,166

(c) Retained Earnings

The effect on retained earnings set out above are as follows:

		1 April 2006	30 September 2006	31 March 2007
Amortisation of goodwill	(b)	-	80,360	160,719
Share of associates net surplus	(b)	-	204,084	408,166
		-	284,444	568,885

Company Profile

NEW ZEALAND

1. J R MOWBRAY PHILATELIST

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

P O Box 80 Wellington.

We hold New Zealand's largest stamp auction annually, with an international clientele.

3. HOUSE OF STAMPS

P O Box 12 Paraparaumu.

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

P O Box 444, Wellington.

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. Four sales held by each office annually.

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.

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

8. BONHAMS & GOODMAN

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

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

Board of Directors

MURRAY RADFORD BCA, CA – CHAIRMAN

Murray is Chairman and a shareholder of the company, holding 220,000 shares. He is a director of a number of private companies. Previously Murray worked in stockbroking for approximately 20 years and was a member of the Stock Exchange for 13 years.

JOHN MOWBRAY BCA – MANAGING DIRECTOR

John is the largest shareholder of the company, holding 4,843,560. Since starting the business in 1963, John has made philately his career, specialising in the auctioning of stamps. He is president of the New Zealand Stamp Dealers Association, and a past president of the International Federation of Stamp Dealer Associations (IFSDA). From 1989 – 1995 he was a director of Stanley Gibbons PLC Ltd London.

John is currently an executive member of the Auctioneers Association of NZ. Accredited member NZ Institute of Directors, member of the Board of Trustees – Wanganui Collegiate School, patron Waikanae Rugby Club and Kapiti Philatelic Society and Chairman Horowhenua – Kapiti Rugby Union. Recently appointed a Director of the Hurricane's Rugby franchise.

IAN HALSTED – DIRECTOR

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

DAVID HEATHER BCA – FINANCE DIRECTOR

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

Directors

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David Keith Heather
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Advisors to the Board (on Australian Operations)

Sir Ronald Brierley
Alan Pitt

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Waikanae

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Martin Jarvie PKF
Wellington

Solicitors

Gilbert Swan
Wellington

Share Registrar

Link Market Services
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