GOWING BROS

2002

ANNUAL REPORT

GOWING BROS. LIMITED

EST 1868

"Thinking beyond your own lifetime makes for a secure future". JOHN ELLIS GOWING 1836-1908

GOWING BROS

GOWING BROS. LIMITED
ACN 000 010 471

MANAGING DIRECTOR'S

REVIEW OF OPERATIONS

On behalf of directors of Sydney-based wealth management company Gowing Bros. Ltd, we are pleased to present our annual report for the year ended 31 July 2002.

The 12 months to 31 July 2002 have been marked by change for the group. Most significantly we have floated 65% of our retail operations into Gowings Retail Ltd to concentrate on our core profit-earning business of wealth management. While the name Gowings is still clearly associated with the retail business – and we still have a 35% interest in that company – it is now time to highlight the company's impressive long-term track record as an investment manager through the introduction of a new corporate image and consistent communication of the company's strategies and performance.

Indeed, Gowing Bros will have been building its investment portfolio for 50 years come 2003. Started by my father Ted with capital of just £30,000, the portfolio is now worth approximately $70 million. Our ability to recognise good investments began in many ways back in 1924 when my grandfather Preston Lanchester Gowing became one of the foundation investors in Woolworths.

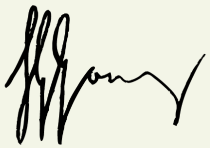
FINANCIAL PERFORMANCE

Our operating profit after tax for the year was $8.671 million compared with $862,000 in the previous year. The profit includes significant gains made from the float of our retail business ($3.11 million) in November and property sales including our Wynyard property ($1.415 million) and 50% of the Dank Street, Waterloo property into the residential apartment development joint venture with St Hilliers ($844,000). The reason behind the sale of these assets was to reduce our portfolio weighting in property following the refurbishment of our Market Street store. During the year the return to shareholders was 9.9%, measured by the movement in net asset backing per share and dividends paid. This compares with a negative return of -4.5% in the sharemarket benchmark, the All Ordinaries Accumulation Index, over the same period.

But our responsibilities go beyond our investment decisions. In recognition of the store we place on passing things from generation to generation, we are involved with projects that provide for the needs of future generations. Take the Gowings Whale Trust, an organisation established for the care and protection of the humpback whale. The Trust is raising research funds through donations, the sale of Gowings Whale Trust merchandise and the purchase of whale futures.

CONCLUSION

The board at Gowing Bros. Ltd would like to join with me in thanking our employees for their contribution to this year's result. We believe our investment philosophy has proved itself over many years of growth and prosperity and will continue to prove itself in years to come.



J.E. GOWING
Managing Director

Sydney 4 October 2002

When John Ellis Gowing arrived in Australia with 400 pounds to his name in 1857, he had his heart set on farming. But the cost of land around Bathurst had risen so much due to the gold rush, that he opted instead to become a merchant in Sydney. That's how the Gowings saga began.

JE's first store was a small drapery business in Crown St, which opened in 1863. By 1869 he had joined forces with his brother Preston Gowing in a mercery warehouse in George Street. Gowings moved to its current flagship site in Market Street in 1929, at the time one of the tallest buildings in Sydney. The main thrust of the business was to sell Australian-made goods for men and boys at competitive prices. Service was king although by the 1940s, the switch to self-service counters marked the introduction of the famous motto "Walk Thru, No One Asked to Buy". Today a fourth generation Gowing is at the helm with great-grandson John Edward now Managing Director.

While the retail arm of the business has been operating for 134 years, the company also has a lengthy history in investing. Back in 1924 Preston Lanchester Gowing was one of 20 foundation investors in Woolworths. Then in 1953, his son Ted Gowing made the historic decision to invest in shares and government bonds rather than expand the company's retail business. So with £30,000 he started an investment portfolio. The growth of that investment over the next half century speaks volumes about the Gowings' ability to manage wealth: the funds grew to $450,000 in 1960, $1.9 million in 1970, $6.3 million in 1980 and $36.4 million in 1990. Today, our investment portfolio is worth approximately $71 million.

Ted was an astute businessman and he lived by three simple rules:

- Always keep control
- Don't waste money
- When you're on to a good thing, stick to it

Clearly, these three rules have held the company in good stead. Ted also believed in retaining half the after tax profits of the company to fund the growth of the business. In the first instance these funds were used to repay the mortgage on the Gowings Building at Market Street. Once the mortgage was discharged in 1952 those funds were used in establishing and growing the Gowings investment portfolio.

The wisdom of John Ellis back in the nineteenth century combined with good solid management over the years is what makes Gowing Bros the company it is today – a family style company with strong traditions.

PORTFOLIO

PROPERTY PORTFOLIO at market value

45 MARKET ST SYDNEY	
Value	$47,000,000
Site Area	624sqm
Net lettable area	6,280 sqm
Occupancy rate	90%
Rental per annum	$4,050,000

70 NORTON ST LEICHHARDT	
Value (50%share)	$4,000,000
Area	800 sqm
Net lettable area	1,500 sqm
Occupancy rate	100%
Rental per annum	$340,000

BURRAWANG RIDGE MONA VALE	
Value	$2,600,000

LAUREL ROAD INGLESIDE	
Value	$1,000,000

WATERLOO JV	
Value (50%share)	$5,500,000

TOTAL PROPERTY PORTFOLIO	
Total Value	$60,100,000
Less Debt	$17,800,000
Value	**$42,300,000**

INVESTMENT PORTFOLIO at market value

10 LARGEST EQUITY HOLDINGS	
National Australia Bank	$6,005,600
Westpac Banking Corp	$4,718,400
Gowings Retail	$4,550,000
Washington H. Soul Pattison & Co	$2,875,400
Broken Hill Proprietary Company	$2,757,500
John Fairfax Holdings	$1,945,700
Woolworths	$1,904,400
Brambles Industries	$1,795,200
ANZ Banking Group	$1,749,100
Hills Industries	$1,725,000
Other holdings	$19,673,700
TOTAL	**$49,700,000**

PRIVATE EQUITY INVESTMENTS	
MIT IIIB	$4,110,000
Crescent Capital Mngt	$350,000
Crescent Capital Fund	$710,000
Bayswiss Pty Ltd	$2,500,000
Other/Balance	$680,000
TOTAL	**$8,350,000**

CASH	**$12,950,000**

TOTAL INVESTMENT PORTFOLIO	
Value	**$71,000,000**

Simple Market Value per Share Calculation: Shares on issue at 31/7/02 = 44,698,478
Market value of property + total value of investments = $42.3m + $71m = $113.3m
Market value per share = $113.3m/44,698,478 = $2.535

We continue to be disappointed with the performance of our share price over the last 12 months, in particular the fact that it is trading well below net tangible asset backing. Of course, some of the problem is the general weakness in world markets, but we have also identified other issues that may be impacting negatively on price. We are actively pursuing solutions to these problems.

ISSUE 1: Confusion over what Gowing Bros actually does. Many see us as a retailer with a handful of investments rather than a wealth management company with investments in retail. The high profile of the Gowings retail operation does not help the situation.
ACTION: During the 12 months to July 31, we floated and separately listed Gowings Retail Ltd on the Australian Stock Exchange. This move provides a more appropriate framework for growth and an improved financial structure, which allows greater transparency for reporting purposes.

ISSUE 2: The true value of the Gowings Building at 45 Market St was not clearly apparent as it was very run down.
ACTION: Major refurbishment and repair works were undertaken to bring the building and its services up to date.

ISSUE 3: Since Gowings retail business was the major tenant of 45 Market St, this created a significant quandary for valuers who felt it prudent to discount rent paid internally when calculating fair market value of the property.
ACTION: With Gowings Retail Ltd now a separate listed company, an arm's length lease became possible with market rental. This has resulted in a more appropriate valuation of the property.

ISSUE 4: During the Gowings Building refurbishment, the company's operating results were adversely affected by a number of factors. These included the impact of the work on the retail business, the decline in the commercial tower rent roll and the abnormal repair and maintenance expenses incurred.
ACTION: The refurbishment was completed last year. There will be no further abnormal expenses and the commercial tower building is approaching being fully let.

OUR TRACK RECORD
AT A GLANCE

Property made up more than 55% of our investments back in 1982. Today property makes up just 37.4%, giving us a more diversified investment portfolio.

The changes to the weightings also reflect how we rebalance our portfolio according to the outlook for each of the asset classes at the time. It's this attention to movements in financial markets and our flexibility in reacting to these changing trends that has seen our net assets grow from just $16.4 million 20 years ago to $113 million today. And it is this same philosophy that will see the value of our portfolio – and in turn your investment – grow further into the future.

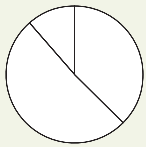
ASSET ALLOCATION

ASSETS 1982
$16.4 million

55.5%	Property	$9.10m
29.9%	Investment	$4.90m
14.6%	Cash	$2.40m
Dividends paid 1973-82		$2.45m

ASSETS 1992
$74.7 million

40.6%	Property	$30.30m
57.4%	Investment	$42.90m
2.0%	Cash	$1.50m
Dividends paid 1983-92		$11.22m

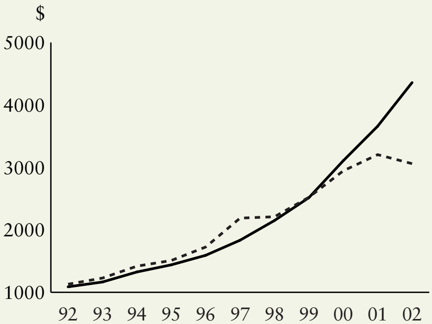


ASSETS 2002
$113.3 million

37.4%	Property	$42.30m
51.2%	Investment	$58.05m
11.4%	Cash	$12.95m
Dividends paid 1993-02		$28.60m

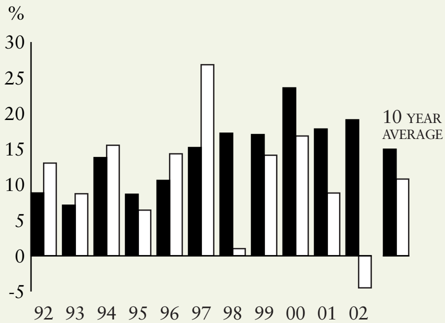
COMPARATIVE GROWTH OF $1,000

GOWING BROS PORTFOLIO
ALL ORDINARIES SHARE PRICE INDEX



COMPARATIVE % RETURN

GOWING BROS PORTFOLIO
ALL ORDINARIES SHARE PRICE INDEX



LOOKING FORWARD

The last 12 months have been marked by a great deal of uncertainty and turbulence in global economic and equity markets. The trend seems likely to continue, at least in the short term. Fortunately, Australia has been somewhat insulated from much of this turbulence, although our markets have still been affected.

Of course, Gowing Bros is not, nor will be, immune from adverse market conditions. However the company is in very sound financial shape, with a healthy balance sheet. Our current portfolio of assets is first class and should provide a strong base from which to provide investors with positive returns well into the future.

As we move forward, this will be our first full year of operation since we sold our 65% interest in Gowings retail business in November 2001. The float of Gowings Retail Limited has allowed us to reengineer our business into a wealth management company.

Our future success rests with a deftness and foresight to respond quickly to new opportunities and niche markets. Thanks to our flat management structure, we are in a position to act decisively when investment opportunities present themselves. We may look at broadening our range of investments in the future, including possible strategic acquisitions. The size of our company works in our favour. We are small enough to take advantage of stock offerings that larger companies might overlook, yet we're big enough to be a substantial player in the market.

We have used our experience to reengineer our business. Today we're stronger, wiser and better placed to compete in the fast-growing wealth creation market. We plan to build on our well respected brand of Gowings to make the name as much synonymous with wealth management as it has been and continues to be with retail.

As we move into the future, our hands-on management team will continue to build a sound portfolio of shares, selected for their profitability and long term growth, as well as make shrewd investments in property.

GOWING BROS

GOWING BROS. LIMITED

ACN 000 010 471

GOWING BROS. LIMITED ANNUAL REPORT 2002

FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2002

ACN 000 010 471

DIRECTORS' REPORT

YEAR ENDED 31 JULY 2002

Your Directors present their report on the consolidated entity consisting of Gowing Bros. Limited and the entities it controlled at the end of or during the year ended 31 July 2002:

Consolidated Results

	2002 $'000	2001 $'000
Operating profit for the year before income tax	9,943	1,861
Income tax expense	(1,272)	(997)
Operating profit after income tax	8,671	864

Dividends

A final dividend of 3.5 cents per share is payable on 25 October 2002	$1,564,447
A special dividend not shown in the previous annual report was declared on 8 November 2001, and distributed to shareholders registered on 19 November 2001. This dividend was 6.7 cents per share, and was satisfied through an in-specie distribution of shares in Gowings Retail Limited.	$3,000,000
An interim dividend of 3.0 cents per share, not shown in the previous annual report, was paid to shareholders on 30 April 2002 adjusted for shareholder participation in the Bonus in Lieu Share Plan.	$1,085,835
A final dividend of 3.5 cents per share was paid to shareholders during the financial year in accordance with last year's annual report adjusted for shareholder participation in the Bonus in Lieu Share Plan.	$1,095,578

All dividends paid were fully franked.

Review of Operations

The operations of the consolidated entity are reviewed in the Managing Director's Report on Pages 2 to 14.

Employees

The Directors wish to formally express their appreciation for the co-operation and continuing support received from all staff members.

Environment

Gowings is committed to a policy of environmental responsibility in all its business dealings. This policy ensures that when the company can either directly or indirectly influence decisions which impact upon the environment, that influence is used responsibly.

Gowings has established the Gowings Whale Trust, a trust devoted to raising funds to foster research that will lead to a healthier environment for whales and other sea creatures.

DIRECTORS' REPORT

YEAR ENDED 31 JULY 2002

Information on Directors

The following persons were directors of Gowing Bros. Limited either during or since the end of the year.

	Directors Interests in Shares and Options of Gowing Bros. Limited	
	Shares	Options
W. A. Salier - Chairman Non-executive Bachelor of Arts, LL.B., LL.M. (Harvard) Director since 1975 Member of the Audit Committee Mr. Salier is a solicitor with thirty-six years experience	41,980	-
J. E. Gowing – Managing Director Executive Bachelor of Commerce Member of The Institute of Chartered Accountants in Australia Member of The Australian Society of Certified Public Accountants Director since 1983	8,428,472	-
M. T. Alscher Non-executive Bachelor of Commerce Director since 2000 Mr. Alscher is an executive director of a venture capital company and former Chief Operating Officer of the company	214,051	160,000
J. G. Parker Non-executive Bachelor of Economics Director – appointed 10 January 2002 Mr Parker is an executive director of a corporate advisory firm specialising in private equity.	30,000	-

Mr J D Black retired as a director on 1 November 2001

Mr K B Preen retired as a director on 6 November 2001.

DIRECTORS' REPORT

YEAR ENDED 31 JULY 2002

Remuneration of Directors and Senior Executives

Remuneration of Directors and Senior Executives is determined annually by the Board, based on market conditions and company performance.

Remuneration during the year ended 31 July 2002 was as follows:

(a) **Non-executive Directors**

	Directors Fees $
W.A. Salier	57,500
M.T. Alscher	17,500
J.G. Parker	16,808
K.B. Preen	15,000
J.D. Black	10,000

	Base Pay (i) $	Other Compensation (ii) $	Total Compensation $
(b) Executive Director			
J. E. Gowing	210,683	49,733	260,421
(c) Other Executives of Gowing Bros. Limited and the Consolidated Entity			
J. S. Byers	155,616	14,178	169,794

(i) Base Pay is calculated on a Total Cost basis and includes any FBT charges related to employee benefits, including motor vehicles.

(ii) Other Compensation includes, where applicable, superannuation, FBT and other payments.

Principal Activities

The principal activities of the consolidated entity are long term equity investments, and property operations. The consolidated entity was also involved in retail until the significant change referred to below.

Significant Changes in the State of Affairs

On 18 October 2001 Gowing Bros. Limited announced that it proposed to separate its retail business from its investment business through floating Gowings Retail Limited on the Australian Stock Exchange.

The retail business was transferred to Gowings Retail Limited on 5 November 2001 and Gowings Retail Limited was subsequently floated. Gowing Bros. Limited currently holds a 35% interest in Gowings Retail Limited.

DIRECTORS' REPORT

YEAR ENDED 31 JULY 2002

Matters Subsequent to the End of the Financial Year

Since 31 July 2002 and to the date of this report no matter or circumstance has arisen that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in future financial years.

Meetings of Directors

There were 15 Directors' meetings and 2 meetings of the Audit Committee during the year. Attendance by each Director of the company during the financial year was:

	Board Meetings		Audit Committee Meetings	
	Held	Attended	Held	Attended
W. A. Salier	15	15	2	2
J. E. Gowing	15	12		
M.T. Alscher	15	12		
J.G. Parker	8	6	1	1
K. B. Preen	6	3	1	1
J. D. Black	5	3		

Shares Under Option

Unissued shares of Gowing Bros. Limited under option at the date of this report are:

Date Option Granted	Expiry Date	Exercise Price of Options $	Number Under Option
29 November 1997	28 November 2002	2.80	340,000
5 December 1997	4 December 2002	2.62	53,000
5 December 1997	4 December 2002	2.80	25,000
26 May 1999	6 December 2005	1.90	30,000
11 November 1999	10 November 2004	1.95	133,000
			581,000

No option holder has the right to participate in any other share issue of the company or of any other entity.

DIRECTORS' REPORT

YEAR ENDED 31 JULY 2002

Likely Developments and Expected Results of Operations

Further information on likely developments in the operations of the consolidated entity and the expected results of the operations have not been included in this report as in the opinion of the Directors the provision of such information is likely to result in unreasonable prejudice to the interests of the consolidated entity.

Directors' Indemnification

The company's Constitution provides for an indemnity of every officer against any liability incurred in his capacity as an officer of the company to another person, except the company or a body corporate related to the company, unless such liability arises out of a conduct involving lack of good faith on the part of the officer. The Constitution further provides for an indemnity in respect of legal costs incurred by those persons in defending proceedings in which judgement is given in their favour, they are acquitted or the Court grants them relief. During the year the company paid insurance premiums in respect of the aforementioned indemnities. Disclosure of the amount of the premiums and of the liabilities covered is prohibited under the insurance contract.

Rounding of Amounts to Nearest Thousand Dollars

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off in accordance with that Class Order or, in certain cases, to the nearest dollar.

Signed in accordance with a resolution of the Directors of Gowing Bros. Limited.

W. A. SALIER

Director

J. E. GOWING

Director

Sydney,

27 September, 2002

AUSTRALIAN STOCK EXCHANGE LISTING REQUIREMENTS

YEAR ENDED 31 JULY 2002

1. Shareholders at 11 September 2002

Range of shares	Number of Shareholders
1-1,000 Shares	485
1,001-5,000 Shares	981
5,001-10,000 Shares	287
10,001-100,000 Shares	356
Over 100,000 Shares	40
	2,149

The number of shareholdings held in less than marketable parcels is 277.

2. Voting Rights

Members voting personally or by proxy have one vote for each share.

3. Substantial Shareholders at 11 September 2002

The substantial shareholders as defined by Section 708 of the Corporations Act 2001 are:

Edward John Gowing	13,749,304	Ordinary Shares
John Edward Gowing	8,248,472	Ordinary Shares
Carlton Hotel Limited	4,273,768	Ordinary Shares
Mollie Gowing	3,998,452	Ordinary Shares

4. Nomination of Directors

The closing date for the receipt of nominations for the office of Director must be at least forty clear days before the meeting, provided that in the case of a person recommended by the Directors for election, fifteen clear days notice only shall be necessary.

AUSTRALIAN STOCK EXCHANGE LISTING REQUIREMENTS

YEAR ENDED 31 JULY 2002

5. Top Twenty Equity Security Holders at 11 September 2002

In accordance with Australian Stock Exchange Listing Rule 4.10, the top twenty equity security holders at 11 September 2002 are as follows:

	Nº. of Ordinary Shares	% of Issued Shares
1. Edward John Gowing	6,916,481	15.47
2. Warwick Pty. Limited	4,809,952	10.76
3. Carlton Hotel Limited	4,273,768	9.56
4. Woodside Pty. Limited	2,022,871	4.53
5. Mollie Gowing	1,774,756	3.98
6. Dandeloo Pty. Limited	1,178,614	2.64
7. John Edward Gowing	1,157,030	2.59
8. Appleby Pty. Limited	1,045,082	2.34
9. Jean Kathleen Poole-Williamson	609,348	1.36
10. Enbeear Pty. Limited	578,936	1.30
11. T N Phillips Investments Pty Limited	528,000	1.18
12. J P Morgan Nominees Australia	431,421	0.95
13. RBC Global Services Australia Nominees Pty Limited	428,031	0.96
14. Fijolin Pty Limited	350,000	0.78
15. Frejo Investments Pty Limited	291,772	0.66
16. JS Millner Holdings Pty Limited	289,279	0.65
17.Washington H. Soul Pattinson & Co. Limited	277,736	0.62
18. Cranley Holdings Pty. Limited	211,112	0.47
19. Jepad Pty Limited	194,992	0.44
20. Helen Margaret Mary Gowing	183,968	0.41
Total	**27,553,149**	**61.65**
Total Issued Share Capital	**44,698,478**	**100.00**

6. Corporate Governance Practices

Gowing Bros. Limited has over time consistently adopted realistic Corporate Governance Practices which are appropriate to the size and nature of the business. The Directors are responsible for ensuring that all of the business of the company is conducted with the utmost integrity and objectivity in order to enhance the reputation and performance of the company.

The Board consists of four Directors, being three non-executive Directors (including the Chairman), and one executive Director. In accordance with the Constitution, at least one-third

AUSTRALIAN STOCK EXCHANGE LISTING REQUIREMENTS

YEAR ENDED 31 JULY 2002

of the Directors, other than the Managing Director, retire from office at the Annual General Meeting each year. Such retiring Directors may be eligible for re-election. When a vacancy exists, the full Board identifies candidates with appropriate expertise and experience and appoints the most suitable candidate, who must stand for election at the following Annual General Meeting.

To assist in fulfilling its responsibilities the Board has established an Audit Committee. The simplicity and straightforward nature of the company enables the Board, as a whole, to consider all other functions that may be delegated to committees by larger companies, in the normal course of its duties. In this regard the Board meets at least once a month and more frequently as required.

The Board aims to ensure that shareholders are informed of all major developments affecting the company via the annual report, half-yearly report, announcements to the Australian Stock Exchange and direct communication with shareholders as appropriate. Ultimately shareholders, through the democratic voting structure of the company, have the right to hold Directors accountable for the direction, performance and reputation of the company.

Audit Committee

The Audit Committee consists of two non-executive Directors, Messrs. W. A. Salier and J.G. Parker. The Committee reviews the company's and controlled entities' financial statements, reviews the scope of activity of the external auditors and provides a direct line of communication between Directors and external auditors.

STATEMENTS OF FINANCIAL PERFORMANCE

AS AT 31 JULY 2002

	Notes	Consolidated 2002 $'000	Consolidated 2001 $'000	Parent Entity 2002 $'000	Parent Entity 2001 $'000
Revenue from ordinary activities	3	46,664	46,821	31,308	45,571
Cost of goods sold		(4,171)	(17,293)	(4,171)	(16,838)
Cost of investments sold		(5,627)	(10,612)	(5,627)	(10,556)
Cost of property sold		(12,294)	-	-	-
Cost of business division sold		(4,622)	-	(4,622)	-
Employee expense		(2,461)	(6,886)	(2,461)	(6,626)
Indirect expenses		(5,646)	(7,680)	(5,528)	(8,498)
Borrowing costs expense	4(a)	(954)	(969)	(908)	(969)
Depreciation and amortisation expenses	4(a)	(1,338)	(1,520)	(1,316)	(1,265)
Share of net profits of associates accounted for using the equity method	38	392	-	-	-
Profit from ordinary activities before income tax expense	**4**	**9,943**	**1,861**	**6,675**	**819**
Income tax (expense)	5	(1,272)	(997)	(730)	(989)
Net profit (loss)		**8,671**	**864**	**5,945**	**(170)**
Net profit attributable to outside equity interest	29	-	2	-	
Net profit attributable to members of Gowing Bros. Limited	**28(b)**	**8,671**	**862**	**5,945**	**(170)**
Net increase (decrease) in asset revaluation reserve	28(a)	(3,226)	-	(3,226)	-
Total changes in equity other than those resulting from transactions with owners as owners		**5,445**	**862**	**2,719**	**(170)**
Basic earnings per share	43	19.53c	1.99c		
Diluted earnings per share	43	19.53c	1.99c		

The above statements of financial position should be read in conjunction with the accompanying notes.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 JULY 2002

	Notes	Consolidated 2002 $'000	Consolidated 2001 $'000	Parent Entity 2002 $'000	Parent Entity 2001 $'000
Current Assets					
Cash assets	7	12,948	133	12,912	133
Receivables	8	1,100	681	833	647
Inventories	9	-	8,883	-	7,542
Other	10	335	128	335	194
Total Current Assets		**14,383**	**9,825**	**14,080**	**8,516**
Non-Current Assets					
Receivables	11	459	1,223	4,129	17,144
Investments accounted for using the equity method	12(a)	5,678	100	5,286	100
Other financial assets	12(b)	33,159	28,822	33,159	28,822
Investment property	13	54,821	-	47,561	-
Property, plant and equipment	14	2,881	70,118	2,881	52,028
Tax assets	15	417	1,337	417	1,323
Other	16	80	53	80	53
Total Non-Current Assets		**97,495**	**101,653**	**93,513**	**99,740**
Total Assets		**111,878**	**111,478**	**107,593**	**108,256**
Current Liabilities					
Payables	17	1,282	3,478	1,217	3,478
Interest bearing liabilities	18	611	1,593	611	1,665
Tax liabilities	19	560	49	7	-
Provisions	20	22	1,779	22	1,773
Other	21	-	150	-	150
Total Current Liabilities		**2,475**	**7,049**	**1,857**	**7,066**
Non-Current Liabilities					
Payables	22	-	-	5,094	288
Interest bearing liabilities	23	19,016	16,547	16,471	16,547
Tax liabilities	24	97	256	97	280
Provisions	25	53	115	53	115
Other	26	-	150	-	150
Total Non-Current Liabilities		**19,166**	**17,068**	**21,715**	**17,380**
Total Liabilities		**21,641**	**2 4,117**	**23,572**	**24,446**
Net Assets		**90,237**	**87,361**	**84,021**	**83,810**
Equity					
Parent entity interest					
Contributed equity	27(a)	7,007	5,882	7,007	5,882
Reserves	28(a)	68,791	73,586	68,645	71,871
Retained profits	28(b)	14,439	7,832	8,369	6,057
Total parent entity interest		**90,237**	**87,300**	**84,021**	**83,810**
Outside equity interest in controlled entities	**29**	**-**	**61**	**-**	
Total Equity	**30**	**90,237**	**87,361**	**84,021**	**83,810**

The above statements of financial position should be read in conjunction with the accompanying notes.

STATEMENTS OF CASH FLOWS

YEAR ENDED 31 JULY 2002

	Notes	Consolidated 2002 $'000	Consolidated 2001 $'000	Parent Entity 2002 $'000	Parent Entity 2001 $'000
Cash Flows From Operating Activities					
Receipts from customers (inclusive of GST)		32,353	37,011	22,210	30,473
Payments to suppliers and employees (inclusive of GST)		(29,347)	(37,931)	(7,786)	(35,870)
Dividends received		1,487	2,015	1,487	2,146
Interest received		1,108	111	1,108	474
Other revenue		-	255	-	3,317
Borrowing costs		(954)	(943)	(954)	(943)
Income taxes paid		-	-	-	-
Net Cash Inflows (Outflows) From Operating Activities	**41**	**4,647**	**518**	**16,065**	**(403)**
Cash Flows From Investing Activities					
Payments for property, plant and equipment		(3,128)	(4,297)	(1,958)	(4,288)
Payments for investments		(10,695)	(8,708)	(10,695)	(8,951)
Proceeds from loan repayments		-	420	-	1,823
Proceeds from sale of property, plant and equipment		14,560	2,206	-	2,122
Proceeds from sale of retail division	6	2,000	-	2,000	-
Additional loans made		-	(100)	-	(560)
Proceeds from sale of investments		5,628	10,092	5,628	10,036
Net Cash Inflows (Outflows) From Investing Activities		**8,365**	**(387)**	**(5,025)**	**182**
Cash Flows From Financing Activities					
Proceeds from borrowings		3,884	2,679	5,465	2,967
Payments for shares bought back		(156)	-	(156)	-
Repayment of borrowings		(427)	(241)	-	(241)
Dividends paid		(2,508)	(1,846)	(2,508)	(1,847)
Net Cash Inflows (Outflows) From Financing Activities		**793**	**592**	**(2,801)**	**879**
Net Increase (Decrease) in Cash Held		**13,805**	**723**	**13,841**	**658**
Cash at the beginning of the financial year		(1,016)	(1,739)	(1,088)	(1,746)
Cash at the End of the Financial Year	**7**	**12,789**	**(1,016)**	**12,753**	**(1,088)**
Non-cash financing activities	42				

The above statements of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Act 2001.

It is prepared in accordance with the historical cost convention, except for certain assets which, as noted, are at valuation. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Gowing Bros. Limited ("company" or "parent entity") as at 31 July 2002 and the results of all controlled entities for the year then ended. Gowing Bros. Limited and its controlled entities together are referred to in this financial report as the consolidated entity. The effects of all transactions between entities in the consolidated entity are eliminated in full. Outside equity interests in the results and equity of controlled entities are shown separately in the consolidated statement of financial performance and statement of financial position respectively.

Where control of an entity is obtained during a financial year, its results are included in the consolidated statement of financial performance from the date on which control commences. Where control of an entity ceases during a financial year its results are included for that part of the year during which control existed.

Investments in associates are accounted for in the consolidated financial statements using the equity method unless they are not material. Under this method, the consolidated entity's share of the profits or losses of associates is recognised as revenue in the consolidated statement of financial performance, and its share of movements in reserves is recognised in consolidated reserves. Associates are those entities over which the consolidated entity exercises significant influence, but not control.

Investments in joint ventures are accounted for as set out in Note 39.

(b) Income tax

Tax effect accounting procedures are followed whereby the income tax expense in the statement of financial performance is matched with the accounting profit after allowing for permanent differences. The future income tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of realisation. Income tax on cumulative timing differences is set aside to the deferred income tax or the future income tax benefit accounts at the rates which are expected to apply when those timing differences reverse.

(c) Foreign Currency Transactions

Foreign currency transactions are initially translated into Australian currency at the rate of exchange at the date of the transaction. At balance date amounts payable and receivable in

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

foreign currencies are translated to Australian currency at rates of exchange current at that date. Resulting exchange differences are brought to account in determining the profit or loss for the year.

(d) Acquisition of assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their market price as at the acquisition date. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of the acquisition. The discount rate used is the incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(e) Revenue Recognition

Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. Revenue is recognised for the major business activities as follows:

(i) Long Term Investments

Dividend income is recognised when received.

(ii) Retail

Shop sales are recognised when possession of goods has passed to the customer.

(iii) Property Rental

Rental income is recognised in accordance with the underlying rental agreements.

(iv) Land Development and Sale

Revenue is recognised when there is a signed unconditional contract of sale.

(f) Receivables

All trade debtors are recognised at the amounts receivable as they are due for settlement no more than 90 days from recognition.

Collectibility of trade debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised when some doubt as to collection exists.

(g) Inventories

(i) Finished goods

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories are valued at the lower of cost and net realisable value using the retail inventory method. Some subsidiaries use an alternative to the retail inventory method.

(ii) Land Held For Resale/Capitalisation of Borrowing Costs

Land held for resale is stated at the lower of cost and net realisable value. Cost includes the cost of acquisition, and development and borrowing costs during development. After development is completed borrowing costs and other holding charges are expensed as incurred. Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made.

Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

(h) Recoverable Amount of Non-Current Assets

The recoverable amount of an asset is the net amount expected to be recovered through the cash inflows and outflows arising from its continued use and subsequent disposal.

Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is written down to its recoverable amount.

(i) Investments

Interests in listed and unlisted securities, other than controlled entities and associates in the consolidated financial statements, are brought to account at cost, and dividend income is recognised in the statement of financial performance when receivable. Controlled entities and associates are accounted for in the consolidated financial statements as set out in note l(a).

The interest in a joint venture is accounted for as set out in note 39.

(j) Depreciation of Property, Plant and Equipment

Depreciation is calculated on a straight line basis to write off the net cost or revalued amount of each item of property, plant and equipment (excluding land and investment properties) over its expected useful life to the consolidated entity . Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. The expected useful lives are as follows:

Plant and equipment	13% to 33% (straight line)
Motor vehicles	15% (straight line)

(k) Leasehold Improvements

The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement to the consolidated entity, whichever is the shorter.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Leased Non-Current Assets

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and benefits incident to ownership of leased non-current assets, and operating leases under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the interest expense.

The lease asset is amortised on a straight line basis over the term of the lease, or where it is likely that the consolidated entity will obtain ownership of the asset, the life of the asset. Lease assets held at the reporting date are being amortised over 10 years.

Operating lease payments are charged to the statement of financial performance in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

(m) Investment properties

Investment properties are initially recorded at cost. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the entity.

Investment properties are maintained at a high standard and, as permitted by accounting standards, the properties are not depreciated.

(n) Trade and Other Creditors

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days after the end of the month of recognition.

(o) Interest Bearing Liabilities

Bills payable are carried at their principal amounts. Discounts on bills are recorded as part of other creditors, and recognised as expenses over the term of the bills.

(p) Dividends

Provision is made for the amount of any dividend declared, determined or publicly recommended by the directors on or before the end of the financial year but not distributed at balance date.

This is a change in accounting policy. In the prior year, provision was made at balance date for dividends declared during the period subsequent to balance date up to the date of signing the financial report.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Derivative Financial Instruments

The consolidated entity enters into interest rate swap agreements.

The net amount receivable or payable under interest rate swap agreements is progressively brought to account over the period to settlement. The amount recognised is accounted for as an adjustment to interest and finance charges during the period and included in other debtors or other creditors at each reporting date.

(r) Joint Venture Operation

The proportionate interests in the assets, liabilities and expenses of a joint venture operation have been incorporated in the financial statements under the appropriate headings.

(s) Employee Entitlements

(i) Wages and Salaries, Annual Leave and Sick Leave

Liabilities for wages and salaries, annual leave and sick leave are recognised, and are measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.

(ii) Long Service Leave

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates on national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

(t) Borrowing Costs

Borrowing costs are recognised as expenses in the period in which they are incurred except where they are included in the costs of qualifying assets - refer note 1(g).

Only borrowing costs relating specifically to the qualifying asset are capitalised.

Borrowing costs include:

- Interest on bank overdrafts and short-term and long-term borrowings;
- Amortisation of discounts or premiums relating to borrowings;
- Amortisation of ancillary costs incurred in connection with the arrangement of borrowings; and
- Finance lease charges.

(u) Cash

For purposes of the statement of cash flows, cash includes deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Earnings Per Share

Basic earnings per share is determined by dividing the net profit after income tax attributable to members of the company by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(w) Rounding of Amounts

The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

2. SEGMENT INFORMATION

Business segments

The consolidated entity is organised into the following divisions by product and service type:

Retail operations

The parent sold the retail division to a subsidiary on 5 November 2001. The investment in the subsidiary was subsequently sold down. The parent entity has retained a substantial investment in the subsidiary and accounts for the investment using the equity method. The investment in the subsidiary is included in the investment segment.

Property operations

The property segment includes the ownership and leasing of commercial properties and the development and sale of both residential and commercial properties.

Investments

The investment segment invests in both listed and unlisted shares.

Geographical segments

The consolidated entity operates only in Australia.

2. SEGMENT INFORMATION (continued)

	Retail Operations* $'000	Property Operations $'000	Investments $'000	Intersegment Eliminations $'000	Consolidated $'000
Business Segments - 2002					
Sales to external customers	7,167	18,600	20,897	-	46,664
Intersegment sales	-	599	-	(599)	-
Total sales revenue	7,167	19,199	20,897	(599)	46,664
Share of net profits of associate	-	-	392	-	392
Total segment revenue	**7,167**	**19,199**	**21,289**	**(599)**	**47,056**
Segment result	(162)	3,004	7,101	-	9,943
Income tax expense					(1,272)
Net profit					**8,671**
Segment assets	-	54,182	57,279	-	111,461
Unallocated assets					417
Total assets					**111,878**
Segment liabilities	-	20,645	338	-	20,983
Unallocated liabilities					658
Total liabilities					**21,641**
Investments in associates (Note c)	-	-	5,678	-	5,678
Acquisition of property, plant and equipment, & other non-current segment assets	-	3,128	10,695	-	13,823
Depreciation and amortisation expense	57	1,281	-	-	1,338
Profit on sale of property	-	2,266	-	-	2,266
Profit on sale of retail division	-	-	3,109	-	3,109

* Includes the results for Retail Operations for the period to 5 November 2001.

STATEMENTS OF CASH FLOWS

YEAR ENDED 31 JULY 2002

	Retail Operations* $'000	Property Operations $'000	Investments $'000	Intersegment Eliminations $'000	Consolidated $'000
2. SEGMENT INFORMATION (continued)					
Business Segments - 2001					
Revenue from customers outside the consolidated entity	29,320	2,441	15,060	-	46,821
Intersegment revenue	-	1,681	-	(1,681)	-
Total segment revenue	**29,320**	**4,122**	**15,060**	**(1,681)**	**46,821**
Segment result	1	(2,084)	3,944	-	1,861
Income tax expense					(997)
Net profit					**864**
Segment assets	10,927	69,347	29,867	-	110,141
Unallocated assets					1,337
Total assets					**111,478**

(a) Accounting policies

Segment information is prepared in conformity with the accounting policies of the entity as disclosed in Note 1 and the revised segment reporting accounting standard, AASB 1005: Segment Reporting. The business segments identified in the primary reporting disclosures and the geographical segments are not materially different to the industry and geographical segments identified in previous years. The comparative information has been restated to present the information on a consistent basis with the current year disclosures.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, inventories and property, plant and equipment, net of related provisions. While most of these assets can be directly attributable to individual segments, the carrying amounts of certain assets used jointly by segments are allocated based on reasonable estimates of usage. Segment liabilities consist primarily of trade and other creditors and employee entitlements. Segment assets and liabilities do not include income taxes.

(b) Intersegment transfers

Segment revenues, expenses and results include transfers between segments. Such transfers are priced on an "arm's -length" basis and are eliminated on consolidation.

(c) Equity accounted investments

The consolidated entity owns 35% of Gowings Retail Limited, a retail company which is accounted for using the equity method and is allocated to the investment segment. Until 5

2. SEGMENT INFORMATION (continued)

November 2001 the consolidated entity owned 100% of the business now operated by Gowings Retail Limited. The results of the business until 5 November 2001 are included in the retail segment.

The consolidated entity also has an investment in an associate that is accounted for using the cost method as the effect is not material. This investment is included in the property segment.

(d) Comparative information

The current year segment disclosures are based on the revised AASB1005 applicable for reporting periods commencing from 1 July 2001. In accordance with the Standard, comparative information has not been disclosed where the superceded Standard applied in the preceding year did not require corresponding information.

	Consolidated		Parent Entity	
	2002	2001	2002	2001
	$'000	$'000	$'000	$'000
3. REVENUE				
Revenue From Operating Activities				
Sale of goods	7,167	28,869	7,167	27,619
Proceeds on sale of long term investments	7,628	10,092	7,628	10,036
Proceeds on sale of property	14,560	2,122	-	-
Dividends	1,487	2,015	1,487	2,146
Rent	4,034	1,946	3,665	1,910
Other investment revenue	1,108	971	749	3,802
Other property income	422	355	354	9
Other retail income	38	451	38	49
	36,444	**46,821**	**21,088**	**45,571**
Revenue From Outside the Operating Activities				
Proceeds from sale of retail division	12,000	-	12,000	-
Less: Unrealised profit on sale	(1,780)	-	(1,780)	-
	10,220	-	**10,220**	-
Revenue from ordinary activities (excluding equity accounted net profits of associates)	**46,664**	**46,821**	**31,308**	**45,571**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2002

	Consolidated		Parent Entity	
	2002	2001	2002	2001
	$'000	$'000	$'000	$'000

4. OPERATING PROFIT

(a) Net Gains and Expense

Profit from ordinary activities before income tax expense includes the following specific net gains and expenses:

Net gains				
Net gain on disposal				
Investments	2,741	1,435	2,741	1,435
Property, plant and equipment	2,259	167	-	167
Expenses				
Depreciation	1,054	1,289	1,032	1,034
Amortisation	284	231	284	231
Bad and doubtful debts -trade debtors	26	36	25	20
Borrowing costs	966	969	920	969
Amount capitalised	(12)	-	(12)	-
Borrowing costs expensed	**954**	**969**	**908**	**969**
Provision for employee entitlements	133	(20)	133	(20)
Other provisions	-	4	-	4
Rental expense relating to operating leases	1,381	967	1,371	987
(b) Individually Significant Items				
Net gain on sale of retail business (refer Note 38)	3,109	-	3,109	-
Net gain on sale of Wynard property	1,415	-	-	-
Net gain on sale of property to joint venture party (refer Note 39)	844	-	-	-
Repair and maintenance expenses associated with Market Street property	-	2,389	-	2,389

	Consolidated		Parent Entity	
	2002	2001	2002	2001
	$'000	$'000	$'000	$'000

5. INCOME TAX

The income tax expense for the financial year differs from the amount calculated on the profit. The differences are reconciled as follows:

	Consolidated 2002 $'000	Consolidated 2001 $'000	Parent Entity 2002 $'000	Parent Entity 2001 $'000
Profit from ordinary activities before income tax expense	9,943	1,861	6,675	819
Prima facie tax expense on the net profit at 30% (2001: 34%)	2,983	633	2,002	278
Tax effect of permanent differences:				
Non-assessable income	(1,392)	(160)	(904)	-
Other	124	222	66	415
Restatement of deferred tax balances due to change in company tax rate to 30% (2001:30%)	-	145	-	139
Tax losses recouped by subsidiaries for no consideration	-	157	-	157
Dividend rebate	(492)	-	(434)	-
Overprovision in prior year	49	-	-	-
Income Tax Expense	**1,272**	**997**	**730**	**989**

6. FORMER RETAIL DIVISION

On 18 October 2001, Gowing Bros. Limited announced that it proposed to separate its retail business from its investment business through the creation and subsequent floating of Gowings Retail Limited on the Australian Stock Exchange.

The retail business was transferred to Gowings Retail Limited, a 100% subsidiary of Gowing Bros. Limited, on 5 November 2001 and Gowings Retail Limited was subsequently listed on the ASX. Gowing Bros. Limited continues to hold 35% of the capital of Gowings Retail Limited. Gowings Retail Limited is an associate of Gowing Bros. Limited at 31 July 2002 therefore Gowing Bros. Limited equity accounts its investment in Gowings Retail Limited.

As part of that float Gowing Bros. Limited made an inspecie distribution of Gowings Retail Limited shares to existing shareholders of Gowing Bros. Limited.

The loss from ordinary activities of the retail division from 1 August 2001 to the date of disposal was $162,000.

The carrying amounts of the assets and liabilities of the retail division at the date of sale and at the end of the previous reporting period are set out below:

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2002

	As at 5 Nov 2001 $'000	As at 31 Jul 2001 $'000
Total assets	**14,916**	**11,145**
Total liabilities	**7,805**	**4,134**
Net assets	**7,111**	**7,011**

Details of the sale of the division are as follows:	$'000
Consideration received:	
Shares in Gowings Retail Limited	10,000
Cash	2,000
	12,000
Carrying amount of net assets sold	(7,111)
	4,889
Unrealised profit on sale	(1,780)
Profit on sale before income tax	**3,109**
Income tax expense	-
Profit on sale after income tax expense	**3,109**

	Consolidated		Parent Entity	
	2002	2001	2002	2001
	$'000	$'000	$'000	$'000
7. CURRENT ASSETS - CASH ASSETS				
Cash at bank and on hand	716	83	680	83
Deposits at call	12,232	50	12,232	50
	12,948	**133**	**12,912**	**133**

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	12,948	133	12,912	133
Less: Bank overdraft (Note 18)	(159)	(1,149)	(159)	(1,221)
Balances per statement of cash flows	**12,789**	**(1,016)**	**12,753**	**(1,088)**

The deposits at call bear floating interest rates between 4.50% and 4.65% (2001: 1.75% and 4.75%).

8. CURRENT ASSETS - RECEIVABLES				
Trade debtors	759	524	750	470
Less: Provision for doubtful debts	(18)	(72)	(18)	(52)
	741	452	732	418
Other debtors	359	229	101	229
	1,100	**681**	**833**	**647**

Other Debtors
These amounts generally arise from transactions outside the usual operating activities of the consolidated entity. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained.

	Consolidated		Parent Entity	
	2002	2001	2002	2001
	$'000	$'000	$'000	$'000
9. CURRENT ASSETS - INVENTORIES				
Finished goods at cost	**-**	**8,883**	**-**	**7,542**
10. CURRENT ASSETS - OTHER				
Prepayments	310	128	310	194
Deferred expenditure	25	-	25	-
	335	**128**	**335**	**194**
11. NON-CURRENT ASSETS - RECEIVABLES				
Loans to controlled entities	-	-	3,670	15,921
Loans to associated corporations	19	653	19	653
Loans to directors and director related entities	334	346	334	346
Other loans	106	224	106	224
	459	**1,223**	**4,129**	**17,144**

Information relating to loans to related parties and directors is set out in note 37.

12. EQUITY INVESTMENTS

(a) Non-current Assets – Investments Accounted for Using the Equity Method				
Shares in associates	**5,678**	**100**	**5,286**	**100**

Shares in associates
Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting and are carried at cost by the parent entity (see Note 38).

(b) Non-current Assets - Other Financial Assets				
Listed Securities				
Shares - at cost	24,575	18,717	24,575	18,717
Venture capital investment – at directors valuation (2001: at cost)	978	4,834	978	4,834
Preference shares	38	50	38	50
	25,591	**23,601**	**25,591**	**23,601**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2002

	Consolidated		Parent Entity	
	2002	2001	2002	2001
	$'000	$'000	$'000	$'000
12. EQUITY INVESTMENTS (continued)				
Other Investments				
Unlisted securities – at cost				
Controlled entities	-	-	-*	-*
Private equity	7,568	6,058	7,568	6,058
	7,568	**6,058**	**7,568**	**6,058**
Provision for diminution	-	(837)	-	(837)
	33,159	**28,822**	**33,159**	**28,822**

* The cost of the investments in controlled entities is $202 (2001: $202).

Market Value at Balance Date – Listed Securities				
Shares	44,386	40,706	44,386	40,706
Venture capital investment	483	503	483	503
Preference shares	319	270	319	270
	45,188	**41,479**	**45,188**	**41,479**
13. NON-CURRENT ASSETS – INVESTMENT PROPERTIES				
Land and Buildings				
At cost/written down value	**54,821**	**-**	**47,561**	**-**

The cost of land and buildings reclassified from property plant and equipment includes the written down value of certain items which had been depreciated up to the date of reclassification.

	Consolidated	Consolidated
	2002 Book Value $'000	2002 Market Value $'000
Consists of the following property:		
Gowings Market Street Building	46,491	47,000
Gowings/St Hilliers Joint Venture:		
Dank Street, Waterloo	3,432	5,500
Norton Street, Leichhardt	2,793	4,000
Laurel Road, Ingleside	999	1,000
Other	317	317
Burrawang Ridge Estate (33.3% interest)	789	2,600
	54,821	**60,417**

	Consolidated		Parent Entity	
	2002	2001	2002	2001
	$'000	$'000	$'000	$'000
Movements in Investment Properties				
Balance at beginning of year	-	-	-	-
Transfer from land and buildings	54,032	-	46,808	-
Transfer from non-current receivables	689	-	653	-
Transfer from investment in associates	100	-	100	-
Balance at end of year	**54,821**	**-**	**47,561**	**-**

Valuations of Land and Buildings

The market value of the properties as at 31 July 2002 was determined by the Board based on fair market value arrived at after consultation with the company's senior management, joint venture partners and real estate advisors.

Leasing arrangements

The land and building are leased to tenants on long term operating leases with rentals payable monthly.

Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:

Within one year	4,169	4,670	3,935	3,885
Later than one but not later than 5 years	14,108	16,207	13,725	15,589
Later than 5 years	11,605	9,295	11,605	9,295
Total	**29,882**	**30,172**	**29,265**	**28,769**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2002

	Consolidated		Parent Entity	
	2002	2001	2002	2001
	$'000	$'000	$'000	$'000
14. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT				
Land and Buildings				
At cost	-*	58,011	-	39,958
Leasehold property at cost	-	2,386	-	2,386
	-	60,397	-	42,344
Less: Accumulated depreciation	-	(255)	-	(255)
Total Land and Buildings	**-**	**60,142**	**-**	**42,089**
Plant and Equipment				
At cost	3,743	11,770	3,743	10,501
Less: Accumulated depreciation	(862)	(4,154)	(862)	(2,922)
	2,881	7,616	2,881	7,579
Plant and equipment under finance lease	-	2,591	-	2,591
Less: Accumulated amortisation	-	(231)	-	(231)
	-	2,360	-	2,360
Total Plant and Equipment	**2,881**	**9,976**	**2,881**	**9,939**
Total Property, Plant and Equipment	**2,881**	**70,118**	**2,881**	**52,028**

* Transferred – see Note 13

Reconciliations
Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current and previous financial year are set out below.

Land & Buildings				
Carrying amount at start of year	60,142	60,669	42,089	42,309
Additions	1,812	1,462	36	1,502
Disposals	(12,294)	(1,667)	-	(1,667)
Depreciation expense	(150)	(322)	(128)	(55)
Transfer from plant and equipment	4,811	-	4,811	-
Transfer to receivables	(289)	-	-	-
Transfer to investment properties	(54,032)	-	(46,808)	-
Carrying amount at end of year	**-**	**60,142**	**-**	**42,089**
Plant and Equipment				
Carrying amount at start of year	9,976	7,944	9,939	7,931
Additions	1,885	3,230	1,922	3,218
Disposals	(2,981)	-	(2,981)	-
Depreciation/ amortisation expense	(1,188)	(1,198)	(1,188)	(1,210)

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2002

	Consolidated		Parent Entity	
	2002	2001	2002	2001
	$'000	$'000	$'000	$'000
Transfer to land and buildings	(4,811)	-	(4,811)	-
Carrying amount at end of year	2,881	9,976	2,881	9,939
Net carrying amount at year end	**2,881**	**70,118**	**2,881**	**52,028**
15.NON-CURRENT ASSETS - DEFERRED TAX ASSETS				
Future income tax benefit	**417**	**1,337**	**417**	**1,323**
16. NON-CURRENT ASSETS - OTHER				
Deferred expenditure	**80**	**53**	**80**	**53**
17. CURRENT LIABILITIES - PAYABLES				
Trade creditors	427	1,515	362	1,515
Other creditors and accruals	855	1,963	855	1,963
	1,282	**3,478**	**1,217**	**3,478**
18. CURRENT LIABILITIES - INTEREST BEARING LIABILITIES				
Secured				
Bank overdrafts (Note 23)	159	1,149	159	1,221
Lease liabilities (Note 35)	452	444	452	444
	611	**1,593**	**611**	**1,665**
19. CURRENT LIABILITIES - CURRENT TAX LIABILITIES				
Income tax	**560**	**49**	**7**	**-**
20. CURRENT LIABILITIES - PROVISIONS				
Dividends	-	1,531	-	1,531
Employee entitlements	22	248	22	242
	22	**1,779**	**22**	**1,773**
21. CURRENT LIABILITIES - OTHER				
Deferred income	**-**	**150**	**-**	**150**
22. NON-CURRENT LIABILITIES - PAYABLES				
Loan from controlled entity			**5,094**	**288**
23. NON-CURRENT LIABILITIES - INTEREST BEARING LIABILITIES				
Secured				
Lease liabilities (Note 35)	1,471	1,906	1,471	1,906
Bill payable	15,000	14,641	15,000	14,641
Share of joint venture bill payable	2,545	-	-	-
Total non-current interest bearing liabilities	**19,016**	**16,547**	**16,471**	**16,547**

23. NON-CURRENT LIABILITIES - INTEREST BEARING LIABILITIES (continued)

The bank with whom the overdraft is held requires the parent company to meet certain financial ratios. At balance date the parent entity complied with these ratios.

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

The entity has entered into a rolling bank bill facility expiring 30 September 2006 with varying rollover periods varying from 30 to 180 days. The bills are discounted at rates determined from market rates at the time the bills are drawn down. The bank requires the company to meet certain financial ratios in relation to the consolidated entity. At balance date the entity complied with these requirements.

Financing Arrangements

Unrestricted access was available at balance date to the following lines of credit:

	Consolidated		Parent Entity	
	2002	2001	2002	2001
	No.	No.	$'000	$'000
Total facilities				
Bank overdrafts	1,000	1,200	1,000	1,200
Unsecured bill acceptance facility	17,545	15,000	15,000	15,000
	18,545	**16,200**	**16,000**	**16,200**
Used at balance date				
Bank overdrafts	114	1,149	114	1,200
Unsecured bill acceptance facility	17,545	14,621	15,000	14,621
	17,659	**15,770**	**15,114**	**15,821**
Unused at balance date				
Bank overdrafts	886	51	886	-
Unsecured bill acceptance facility	-	379	-	379
	886	**430**	**886**	**379**

The interest rates at balance date were 5.30% on the bill facility and 8.2% on the overdraft (2001 – 5.37% and 8.2% respectively).

24. NON-CURRENT LIABILITIES - DEFERRED TAX LIABILITIES

Provision for deferred income tax	**97**	**256**	**97**	**280**

25. NON-CURRENT LIABILITIES - PROVISIONS

Employee entitlements	**53**	**115**	**53**	**115**

26. NON-CURRENT LIABILITIES - OTHER

Deferred income	**-**	**150**	**-**	**150**

		Parent Entity 2002 No.	Parent Entity 2001 No.	Parent Entity 2002 $'000	Parent Entity 2001 $'000

27. CONTRIBUTED EQUITY

(a)Share capital

Ordinary shares fully paid	(c),(e)	**44,698,478**	**43,747,997**	**7,007**	**5,882**

(b) Movements in ordinary share capital

Date	Details		Number of Shares	Issue Price per share $	$'000
31/07/2000	Balance		43,300,758		5,490
27/10/2000	Dividend reinvestment plan issue	(d)	58,264	1.80	105
27/10/2000	Bonus in lieu issues	(e)	160,555		-
27/04/2001	Dividend reinvestment plan issue	(d)	121,487	2.36	287
27/04/2001	Bonus in lieu issues	(e)	106,933		-
31/7/2001	**Balance**		**43,747,997**		**5,882**
19/10/2001	Dividend reinvestment plan issue	(d)	94,007	1.95	183
19/10/2001	Bonus in lieu issues	(e)	223,591		-
19/10/2001	Issue for underwriting dividend		492,900	1.85	912
22/04/2002	Dividend reinvestment plan issue	(d)	97,898	1.90	186
22/04/2002	Bonus in lieu issues	(e)	132,063		-
28/06/2002	On-market share buy back	(g)	(89,978)		(156)
31/7/2002	**Balance**		**44,698,478**		**7,007**

(c) Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote.

(d) Dividend Reinvestment Plan

The company's Constitution permits members to elect not to receive all or part of their proposed dividend entitlements and be allotted ordinary shares in lieu thereof. Such shares are issued at market price.

(e) Bonus in Lieu Plan

The company's Constitution permits members to elect not to receive all or part of their proposed dividend entitlements and be allotted ordinary shares in lieu thereof. Shares are issued at market price.

(f) Options

Options to take up ordinary shares in the capital of the company have been granted as follows:

27. CONTRIBUTED EQUITY (continued)

(i) Excluded Invitations

In a prior year 503,000 options were granted for consideration of $0.01 each to five entities, pursuant to excluded invitations made in accordance with the provisions of the Corporations Act 2001. Each option is convertible into one ordinary share at any time between 28 November 1999 and 28 November 2002 at a fixed price of $2.80. The number of unissued ordinary shares under these options at 31 July 2002 is 340,000 (2001 : 340,000).

(ii) Gowing Bros. Employees Share Option Plan

On 5 December 1997 157,000 options were granted for consideration of $0.01 each under the Gowing Bros. Employees Share and Option Plan to 45 eligible employees of Gowing Bros. Limited and its controlled entities. Each option is convertible into one ordinary share at any time between 5 December 2000 and 5 December 2002 at a fixed price of $2.62 per share. The number of unissued ordinary shares under these options at 31 July 2002 is 53,000 (2001 : 53,000).

On 5 December 1997 25,000 options were granted for consideration of $0.01 each under the Gowing Bros. Employees Share and Option Plan to 1 eligible employee of Gowing Bros. Limited and its controlled entities. Each option is convertible into one ordinary share at any time between 5 December 2000 and 5 December 2002 at a fixed price of $2.80 per share. The number of unissued ordinary shares under these options at 31 July 2002 is 25,000 (2001 : 25,000).

On 26 May 1999 40,000 options were granted for consideration of $0.01 each under the Gowing Bros. Employees Share and Option Plan to 4 eligible employees of Gowing Bros. Limited and its controlled entities. Each option is convertible into one ordinary share at any time between 7 June 2002 and 7 December 2005 at a fixed price of $1.90 per share. The number of unissued ordinary shares under these options at 31 July 2002 is 30,000 (2001 : 30,000).

On 11 November 1999 202,000 options were granted for consideration of $0.01 each under the Gowing Bros. Employees Share and Option Plan to 44 eligible employees of Gowing Bros. Limited and its controlled entities. Each option is convertible into one ordinary share at any time between 11 November 2002 and 11 November 2004 at a fixed price of $1.95 per share. The number of unissued ordinary shares under these options at 31 July 2002 is 133,000 (2001 : 144,000).

All unissued shares under options issued pursuant to the Gowing Bros. Employees Share and Option Plan are adjustable for capital reconstruction or bonus rights issues. Early exercise or extinguishment of options may result in the event of a take over or the termination of employment, retirement or death of the holder.

At 31 July 2002 there were 241,000 options (2001 : 252,000) outstanding under the Gowing Bros. Employees Share and Option Plan.

(g) On-Market Share Buy Back

As part of the company's ongoing capital management program, on 14 June 2002 the company announced an on-market share buy-back program to commence on 28 June 2002 and continue until 20 December 2002.

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YEAR ENDED 31 JULY 2002

	Consolidated		Parent Entity	
	2002	2001	2002	2001
	$'000	$'000	$'000	$'000
28. RESERVES AND RETAINED PROFITS				
(a)**Reserves**				
Asset revaluation reserve	26,111	30,906	25,965	29,191
General reserve	10,010	10,000	10,010	10,000
Share option reserve	-	10	-	10
Capital profits reserve	32,670	32,670	32,670	32,670
	68,791	**73,586**	**68,645**	**71,871**
Movements				
Asset revaluation reserve				
Opening balance	30,906	30,906	29,191	29,191
Sale of property	(1,569)	-	-	-
Revaluation of listed venture capital investment	(3,226)	-	(3,226)	-
Closing Balance	**26,111**	**30,906**	**25,965**	**29,191**
General reserve				
Opening balance	10,000	10,000	10,000	10,000
Transfer from share option reserve	10	-	10	-
Closing Balance	10,010	10,000	10,010	10,000
Share option reserve				
Opening balance	10	10	10	10
Transfer to general reserve	(10)	-	(10)	-
Closing Balance	**-**	**10**	**-**	**10**
(b) Retained Profits				
Retained profits at the beginning of the financial year	7,832	9,265	6,057	8,522
Net profit attributable to members of Gowing Bros. Limited	8,671	862	5,945	(170)
Dividends provided for or paid	(3,633)	(2,295)	(3,633)	(2,295)
Aggregate of amounts transferred from reserves	1,569	-	-	-
Retained profits at the end of the financial year	**14,439**	**7,832**	**8,369**	**6,057**

(c) Nature and Purpose of Asset Revaluation Reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets.

	Consolidated		Parent Entity	
	2002	2001	2002	2001
	$'000	$'000	$'000	$'000
29. OUTSIDE EQUITY INTERESTS				
Interest in				
Share capital	-	59	-	-
Retained profits	-	2	-	-
	-	**61**	**-**	**-**
30. EQUITY				
Total equity at the beginning of the financial year	87,361	88,341	83,810	85,882
Total changes in equity recognised in the statement of financial performance	5,445	862	2,719	(170)
Prior year dividend satisfied by issue of shares under Dividend Reinvestment Plan and Bonus in Lieu Plan	636	393	636	393
Interim Dividend of 3c fully franked	(1,086)	(1,305)	(1,086)	(1,305)
Interim Dividend satisfied by issue of shares under Dividend Reinvestment Plan and Bonus in Lieu Plan	186	540	186	540
Final Dividend of 3.5c fully franked	-	(1,531)	-	(1,531)
Share buy back	(156)	-	(156)	-
Total changes in outside equity interest	(61)	61	-	-
In specie distribution	(3,000)	-	(3,000)	-
Dividend underwritten	912	-	912	-
Total equity at the end of the financial year	**90,237**	**87,361**	**84,021**	**83,810**
31. DIVIDENDS				
Dividend provided, satisfied by bonus in lieu plan	(453)	(292)	(453)	(289)
Ordinary Shares				
Interim dividend of 3 cents (2001: 3 cents) per fully paid share				
Franked at 30% (2001: 34%)	1,086	1,056	1,086	1,053
Special dividend satisfied by in-specie distribution of shares in Gowings Retail Limited	3,000	-	3,000	-
2001 final dividend of 3.5 cents per fully paid share (recognised as a liability in 2001)				
Franked at 30%	-	1,531	-	1,531
Total dividends declared	**3,633**	**2,295**	**3,633**	**2,295**

Franked Dividends

The franked portions of the dividends proposed as at 31 July 2002 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 31 July 2003.

	Consolidated		Parent Entity	
	2002	2001	2002	2001
	$'000	$'000	$'000	$'000
Franking credits available for subsequent financial years	**23,214**	**21,586**	**21,526**	**21,330**

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

(a)franking credits that will arise from the payment of the current tax liability
(b)franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
(c)franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date, and
(d)franking credits that may be prevented from being distributed in subsequent financial years.

	Director of Entities in the Consolidated Entity		Directors of Parent Entity	
	2002	2001	2002	2001
	$'000	$'000	$'000	$'000
32. REMUNERATION OF DIRECTORS				
Amounts paid or payable, or otherwise made available, to directors by entities in the conso lidated entity and related parties in connection with the management of affairs of the parent entity or its controlled entities	**394,870**	**345,290**	**394,870**	**345,290**

The numbers of parent entity directors whose total income from the parent entity or related parties was within the specified bands are as follows:

			2002 No.	2001 No.
$		**$**		
0	-	9,999	-	1
10,000	-	19,999	4	-
20,000	-	29,999	-	2
30,000	-	39,999	-	1
50,000	-	59,999	1	-
260,000	-	269,999	1	1

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	Executive Officers of Consolidated Entity		Executive Officers of the Parent Entity	
	2002	2001	2002	2001
	$'000	$'000	$'000	$'000
33. REMUNERATION OF EXECUTIVES				
Amounts received, or due and receivable, from entities in the consolidated entity and related parties by Australian based executive officers, including directors, whose remuneration was at least $100,000	**430,215**	**702,585**	**430,215**	**702,585**

The numbers of Australian based executive officers, including directors, whose remuneration from entities in the consolidated entity and related parties was within the specified bands are as follows:

	No.	No.	No.	No.
110,000 - 119,999	-	1	-	1
130,000 - 139,999	-	1	-	1
160,000 - 169,999	1	-	1	-
180,000 - 189,999	-	1	-	1
260,000 - 269,999	1	1	1	1

	Consolidated		Parent Entity	
	2002	2001	2002	2001
	$'000	$'000	$'000	$'000
34. REMUNERATION OF AUDITORS				
Audit and review of the entity or any entity in the consolidated entity	85	69	85	69
In relation to sale of retail business	13	-	13	-
Tax and other advisory services	120	117	120	117
	218	**186**	**218**	**186**

35. COMMITMENTS FOR EXPENDITURE

Capital Commitments

(a) **Macquarie Investment Trust IIIA**

The parent entity has a commitment of $1,250,000 for uncalled capital contribution for the Macquarie Investment Trust IIIA.

(b) **Innovation Capital Limited**

The parent entity has a commitment for uncalled capital for Innovation Capital Limited of $165,000.

(c) **Crescent Capital Partners Growth Fund**

The parent entity has a commitment to further invest $1,787,500 in the Crescent Capital Partners Growth Fund when called.

	Consolidated		Parent Entity	
	2002	2001	2002	2001
	$'000	$'000	$'000	$'000
Finance Leases				
Commitments in relation to finance leases are payable as follows:				
Within one year	588	589	588	589
Later than one year but not later than 5 years	1,639	2,239	1,639	2,239
Minimum lease payments	**2,227**	**2,828**	**2,227**	**2,828**
Less: Future finance charges	(304)	(478)	(304)	(478)
Total lease liabilities	**1,923**	**2,350**	**1,923**	**2,350**
Representing lease liabilities:				
Current (Note 18)	452	444	452	444
Non-current (Note 23)	1,471	1,906	1,471	1,906
	1,923	**2,350**	**1,923**	**2,350**
36. EMPLOYEE ENTITLEMENTS				
Employee Entitlement Liabilities				
Provision for employee entitlements				
Current (Note 20)	22	248	22	242
Non-current (Note 25)	53	115	53	115
Aggregate employee entitlement liability	**75**	**363**	**75**	**357**
Employee numbers	No.	No.	No.	No.
Number of employees at 31 July	7	119	7	114

37. RELATED PARTIES

Directors

The names of persons who were directors of Gowing Bros. Limited at any time during the financial year were Messrs W A Salier, J E Gowing, K B Preen, J D Black, M T Alscher and J G Parker.

All of these persons were also directors during the year ended 31 July 2001, except for Mr J G Parker who was appointed on 10 January 2002. In addition, J D Black and K B Preen held office as directors until their retirements on 1 November 2001 and 6 November 2001 respectively.

Remuneration

Information on remuneration of directors is disclosed in Note 32.

37. RELATED PARTIES (continued)

Shares

Shares held directly or indirectly by the directors.

Director	Shares Held as at 31 July 2001	Shares Acquired/ (Disposed) During the Year	Shares Held as at 31 July 2002
W. A. Salier	40,601	1,379	41,980
J. E. Gowing	8,244,659	183,813	8,428,472
M. T. Alscher	210,724	-	210,724
J.G. Parker	-	30,000	30,000

Loans to Directors and Director-Related Entities

Loans to directors of entities in the consolidated entity and their director-related entities disclosed in notes 8 and 11 comprise:

	Consolidated		Parent Entity	
	2002	2001	2002	2001
	$	$	$	$
Secured loans	**334,225**	**346,806**	**334,805**	**346,806**
Loan repayments received				
J. E. Gowing	-	433,233	-	433,233
M.T. Alscher *	24,875	13,697	24,875	13,697
Interest charged – M.T. Alscher	12,294	-	12,294	-

The secured loans are interest free and repayable through the credit of dividends and other repayments at the Director's discretion. The loans were made to these executive directors* to participate in the Gowing Bros. Employees Share and Option Plan. The loans are effectively secured as the title to the shares revert to Gowing Bros. Limited in the event of default.

* Mr M T Alscher was not a director of Gowing Bros. Limited at the date that the loan was advanced. As from 1 January 2002 interset is changed on the loan at the rate received by the company on its deposits at call plus 2% p.a.

Other transactions with directors and director related entities

(a) Messrs Pigott Stinson Ratner Thom Solicitors

Transactions with related parties included normal professional fees of $10,538 (2001: $8,053) paid during the current financial year to Messrs Pigott Stinson Ratner Thom Solicitors, of which Mr W A Salier is a Partner, for legal services.

(b) Crescent Capital Partners Limited

Mr M T Alscher is an executive director and Mr J E Gowing is a non-executive director of Crescent Capital Partners Limited to support Gowings Bros. Limited's investment in Crescent Capital Partners Limited. Both aforementioned Directors are shareholders of Crescent Capital Partners Limited

Crescent Capital Partners Limited manages Crescent Capital Partners Growth Fund.

The parent entity holds 500,000 (2001: 500,000) ordinary $1 shares called to $0.70 (2001: $0.70) in Crescent Capital Limited. The parent entity has committed $2,500,000 (2001: $2,500,000) to the Crescent Capital Partners Growth Fund. At balance date $712,500 (2001: $250,000) has been paid.

(c) Pacsoft Limited (formerly PEG Technology Limited)

Mr M T Alscher was Chairman of Pacsoft Limited in which the parent entity has an investment. Mr J E Gowing was a Director of Pacsoft Limited to support Gowings Bros. Limited's investment in Pacsoft Limited.

During the year, the parent entity purchased $11,099 (2001: $26,465) of services from Pacsoft Limited.

(d) York Corporate Advisory Pty Limited

During the year the parent entity purchased $233,113 (2001: $22,229) of services from York Corporate Advisory Limited, in relation to the restructure of the company and the listing of Gowings Retail Limited.

Mr M T Alscher is a director and shareholder of York Corporate Advisory Pty Limited.

(e) Former Director

During the year benefits provided to a former Director, Mr E J Gowing, totalled $17,641 (2001: $51,640).

(f) General

From time to time the Directors may purchase goods from the associate Gowings Retail Limited. These purchases are on similar terms and conditions as the consolidated entity's employees, customers or shareholders.

Wholly-Owned Group

The wholly-owned group consists of Gowing Bros. Limited and its wholly-owned controlled entities. Ownership interests in these controlled entities are set out in note 40.

Transactions between Gowing Bros. Limited and other entities in the wholly-owned group during the years ended 31 July 2002 and 2001 consisted of:

(a) loans advanced by Gowing Bros. Limited

(b) loans repaid to Gowing Bros. Limited

(c) the payment of interest on the above loans and

(e) the sale of the retail business by Gowings Bros. Limited.

The sale of the retail business is detailed in note 6. Otherwise the above transactions were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms for the repayment of principal on loans advanced by Gowing Bros. Limited.

	Consolidated 2002 $'000	Consolidated 2001 $'000	Parent Entity 2002 $'000	Parent Entity 2001 $'000

37. RELATED PARTIES (continued)

Other Related Parties

Aggregate amounts included in the determination of operating profit before income tax that resulted from transactions with each class of other related parties:

	Consolidated 2002 $'000	Consolidated 2001 $'000	Parent Entity 2002 $'000	Parent Entity 2001 $'000
Rent revenue				
Associates	247	-	-	-

Controlling Entities

The ultimate parent entity in the wholly-owned group is Gowing Bros. Limited.

Ownership Interests in Related Parties

Interests held in the following classes of related parties are set out in the following notes:

(a) controlled entities - Note 40

(b) associates - Note 38

38. INVESTMENTS IN ASSOCIATES

Investments in associates traded on organised markets are accounted for in the consolidated financial statements using the equity method of accounting and are carried at cost by the parent entity. Details of the subsidiary, Gowings Retail Limited, becoming an associate are in note 6. The use of the equity method of accounting for investments in unlisted associated corporations not traded on organised markets has not been adopted as the results of these associated companies is not material to the results of the consolidated entity.

Information relating to the associates is set out below:

Name of Company	Principal Activity	Ownership interest 2002 %	Ownership interest 2001 %	Consolidated carrying amount 2002 $'000	Consolidated carrying amount 2001 $'000	Parent Entity carrying amount 2002 $'000	Parent Entity carrying amount 2001 $'000
Traded on organised markets:							
Gowings Retail Limited	Retail	35	- **	5,678	-	5,286	-
Other non-traded:							
Healesville Holdings Pty Limited*	Long term property investor	33	33	100	100	100	100
Bayview Heights Estate Pty Limited	Property developer	50	50	-	-	-	-
				5,778	**100**	**5,386**	**100**

*A Director has an interest in the issued share capital of this company in excess of 10%. This interest was acquired on 11 September 1981, prior to the Director being appointed to the Board.
**At 31 July 2001 the business now operated by Gowings Retail Limited was a division of Gowing Bros. Limited.
The investment in Healesville Holdings has been classified in the Statement of Financial Position as an investment property.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2002

Loans to (from) Associated Corporations

Name of Company	Balance at 31 July 2001 $'000	Advances During Year $'000	Repayments During Year $'000	Interest Charged During Year $'000	Balance at 31 July 2001 $'000
Bayview Heights Estate Pty Limited	-	-	-	-	-
Healesville Holdings Pty. Limited	653	36	-	-	689

All loans were concluded on commercial terms and conditions and have no fixed terms of repayment.

	Consolidated 2002 $'000	2001 $'000
Movements in carrying amounts of investments in associates		
Carrying amount at the beginning of the financial year	100	100
Book value of investment in Gowings Retail Limited on transfer of division	5,286	-
Share of operating profits after income tax	392	-
Dividends received/receivable	-	-
Transfer of investment in Healesville to investment property	(100)	-
Carrying amount at the end of the financial year	**5,678**	**100**
Results attributable to associates		
Operating profits before income tax	392	-
Income tax expense	-	-
Operating profits after income tax	392	-
Less: Dividends received/receivable	-	-
	392	**-**
Retained profits attributable to associates at the beginning of the financial year	-	-
Retained profits attributable to associates at the end of the financial year	**392**	**-**
Share of associates expenditure commitments		
Operating lease commitments	**6,191**	**-**
Summary of the performance and financial position of equity accounted associates		
The aggregate profits, assets and liabilities of equity accounted associates are:		
Profits from ordinary activities after income tax expense	392	-
Assets	8,668	-
Liabilities	**1,613**	**-**

39. INTERESTS IN JOINT VENTURES

Joint venture operation

A controlled entity, Gowings Pty Limited, has entered into a joint venture operation called Gowings Phillip Street Joint Venture to develop properties for residential apartments. The controlled entity has a 50% participating interest in this joint venture and is entitled to 50% of its output. The consolidated entity's interests in the assets employed in the joint venture are included in the consolidated statement of financial position, in accordance with the accounting policy described in Note 1(r), under the following classifications:

	Consolidated		Parent Entity	
	2002	2001	2002	2001
	$'000	$'000	$'000	$'000
Current assets				
Cash	36	-	-	
Other	77	-	-	
Total current assets	113	-	-	-
Non-current assets				
Investment properties	3,432	-	-	-
Total non-current assets	3,432	-	-	-
Share of assets employed in joint venture	**3,545**	-	-	-

Gowing Bros. Limited has guaranteed a bank loan for the joint venture of $2,200,000.

40. INVESTMENTS IN CONTROLLED ENTITIES

	Country of Incorporation	Class of Share	Equity Holding 2002 %	Equity Holding 2001 %
Parent company				
Gowing Bros. Ltd				
Controlled entities				
Reysharn Pty. Limited	Australia	Ordinary	100	100
Gowing Wholesale Pty. Limited	Australia	Ordinary	-	100
Gowings Pty. Limited	Australia	Ordinary	-	100
Toes on the Nose Pty. Limited	Australia	Ordinary	100	100
Gowing Properties Pty. Limited	Australia	Ordinary	100	100
Laurelco Pty. Limited	Australia	Ordinary	100	100
Gowing Leichhardt Pty. Limited	Australia	Ordinary	100	100
Gowings Hardware Pty Limited	Australia	Ordinary	-	80
Gowings Berala No.1 Pty Limited	Australia	Ordinary	100	-
Gowings Berala No.2 Pty Limited	Australia	Ordinary	100	-

	Consolidated		Parent Entity	
	2002	2001	2002	2001
	$'000	$'000	$'000	$'000
41. RECONCILIATION OF NET PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES				
Profit from ordinary activities after income tax	8,671	862	5,945	(170)
Depreciation and amortisation	1,338	1,520	1,316	1,265
Gain on disposal of investments	(2,259)	-	-	-
Net gain on sale of non-current assets	(2,741)	(1,577)	(2,741)	(1,590)
Share of profits of associates not received as dividends	(392)	-	-	-
Write down of investments	96	-	96	-
Provisions for				
Doubtful debts	(64)	37	(34)	(180)
Employee entitlements	157	4	162	(3)
Dividend	(1,531)	-	(1,531)	-
Decrease (increase) in receivables	(360)	472	12,189	553
Decrease (increase) in inventories	(1,968)	(1,520)	(3,310)	(1,127)
Decrease (increase) in prepayments	(622)	133	(555)	73
Decrease (increase) in future income tax benefit	920	750	906	958
Decrease (increase) in other operating assets	(177)	-	-	-
Increase (decrease) in trade creditors and accruals	3,227	(224)	3,798	(219)
Increase (decrease) in provision for income taxes payable	511	45	7	(4)
(Decrease) in provision for deferred income tax	(159)	16	(183)	41
Net cash inflow from operating activities	**4,647**	**518**	**16,065**	**(403)**
42. NON-CASH FINANCING AND INVESTING ACTIVITIES				
Acquisition of plant and equipment by means of finance leases	-	**2,591**	-	**2,591**

Dividends satisfied by the issue of shares under the dividend reinvestment plan and bonus in lieu plan are shown in Note 31.

A controlled entity, Gowings Pty Limited, has entered into a joint venture operation. The subsidiary sold 50% of a property to the other party in the joint venture as its contribution to the joint venture.

	Consolidated Cents per Shares 2002	2001
43. EARNINGS PER SHARE		
Basic earnings per share and diluted earnings per share - based on operating profit after income tax.	19.53 ¢	1.99 ¢
Diluted earnings per share does not differ from basic earnings per share.		
Weighted average number of ordinary shares	No.	No.
on issue used in the calculation of basic earnings per share and diluted earnings per share.	44,408,224	43,526,672
Reconciliation of earnings used in calculating earnings per share:	$'000	$'000
Net profit	8,671	864
Adjustments	-	-
Earnings used in calculating basic earnings per share	**8,671**	**864**

Options

Options issued are considered to be non-diluting and have not been included as potential ordinary shares.

44. CONTINGENT LIABILITY

The parent entity is in dispute with a company in relation to the final purchase price of an investment. If the dispute is resolved adversely, the parent entity may be required to pay to the company $400,000. The parent entity is vigorously contesting the claim and strongly denies any liability.

45. OTHER INFORMATION

Gowing Bros Limited is incorporated and domiciled in New South Wales. The registered office, and principal place of business, is Level 8, Gowings Building, corner Market and George Streets, Sydney NSW 2000.

Gowing Bros. Limited shares are listed on the Australian Stock Exchange.

The company Secretary is Mr J S Byers.

The share register is maintained by Computershare Investor Services Pty. Limited

Level 3, 60 Carrington Street, Sydney NSW 2000,

Telephone + 61 (0)2 8234 5222 Facsimile + 61 (0)2 8234 5050.

DIRECTORS' DECLARATION

YEAR ENDED 31 JULY 2002

The directors declare that the financial statements and notes set out on pages 24 to 58:

(a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(b) give a true and fair view of the company's and consolidated entity's financial position as at 31 July 2002 and of their performance, as represented by the results of their operations and their cash flows, for the financial year ended on that date.

In the directors' opinion:

(a) the financial statements and notes are in accordance with the Corporations Act 2001; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

W.A SALIER

Director

J.E. GOWING

Director

Sydney,

27 September, 2002

INDEPENDENT AUDIT REPORT

YEAR ENDED 31 JULY 2002

To the members of Gowing Bros. Limited.

Scope

We have audited the financial report of Gowing Bros. Limited for the financial year ended 31 July 2002 as set out on pages 24 to 59. The company's directors are responsible for the financial report which includes the financial statements of the company and the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at the end of, or during, the financial year. We have conducted an independent audit of this financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether or not the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether or not, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements and the Corporations Act 2001 in Australia so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of Gowing Bros. Limited is in accordance with:

(a) the Corporations Act 2001, including:

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 31 July 2002 and of their performance for the financial year ended on that date; and

(ii) complying with Accounting Standards and the Corporations Regulations 2001; and

(b) other mandatory professional reporting requirements.

HLB MANN JUDD
(NSW Partnership)
Chartered Accountants

S K PREEN
Partner

Sydney,
27 September, 2002

MARKET VALUE OF INVESTMENTS

AS AT 31 JULY 2002

Shares/Notes in Listed Companies	Units	Market Value $
ABIGROUP LIMITED	100,000	224,000
ALESCO CORPORATION LIMITED	250,000	1,000,000
AMALGAMATED HOLDINGS LIMITED	252,530	618,699
ANSELL LIMITED	34,000	226,100
ANZ BANKING GROUP	97,500	1,749,150
AUSTRALIAN STOCK EXCHANGE	34,293	436,207
BENDIGO BANK LIMITED	40,000	280,000
BHP STEEL LIMITED	165,013	452,136
BLACKMORES LIMITED	193,812	1,201,634
BRAMBLES INDUSTRIES LIMITED	222,734	1,795,236
BROKEN HILL PROPRIETARY COMPANY LIMITED (THE)	289,353	2,757,534
CARLTON INVESTMENTS LIMITED	156,370	1,610,611
CI TECHNOLOGIES GROUP LIMITED	170,000	382,500
COLES MYER LIMITED	200,000	1,240,000
FISHER & PAYKEL HEALTHCARE CORP	30,000	213,000
GOWINGS RETAIL LIMITED	7,000,001	4,550,000
HILLS INDUSTRIES LIMITED	522,747	1,725,065
HPAL LIMITED	150,000	225,000
INSURANCE AUSTRALIA (NRMA)	110,725	322,210
JOHN FAIRFAX HOLDINGS LIMITED	595,000	1,945,650
LEND LEASE CORPORATION LIMITED	70,000	711,900
MACQUARIE EQUITIES (MACQUARIE BANK)	20,000	484,200
MARYBOROUGH SUGAR FACTORY LIMITED (THE)	62,183	360,661
NATIONAL AUSTRALIA BANK LIMITED	179,700	6,005,574
NONI B LIMITED	500,000	450,000
OIL COMPANY OF AUSTRALIA LIMITED	111,500	501,750
PACSOFT LIMITED	9,668,647	483,432
PATRICK CORPORATION LIMITED	20,000	310,400
PORTMAN LIMITED	200,000	292,000
RESMED INC (Foreign)	50,000	256,000
ROCK BUILDING SOCIETY LIMITED (THE)	203,816	715,394
RURAL PRESS LIMITED	100,000	465,000
RURAL PRESS $0.20 PREF SHARES	50,000	285,000
SUNCORP-METWAY LIMITED	50,000	624,000
SYDNEY FUTURES EXCHANGE LIMITED	150,474	504,088
TELSTRA CORPORATION LIMITED	48,000	230,880
TRANSURBAN GROUP	75,000	285,000
WASHINGTON H. SOUL PATTINSON & CO. LIMITED	580,880	2,875,356
WATTYL LIMITED	110,061	275,153
WEST AUSTRALIAN NEWSPAPERS HOLDINGS LIMITED	115,009	603,797
WESTPAC BANKING CORPORATION	309,400	4,718,351
WMC LIMITED	79,636	666,553
WOODSIDE PETROLEUM LIMITED	60,000	796,800
WOOLWORTHS LIMITED	157,000	1,904,410
OTHER	2,011,471	1,977,176
Sub-total Listed	**25,596,855**	**49,737,607**

MARKET VALUE OF INVESTMENTS

AS AT 31 JULY 2002

Other Direct Investments	Market Value $
BAYSWISS	2,500,000
CRESCENT CAPITAL PARTNERS LIMITED	350,000
OTHER	499,000
Sub-total	**3,349,000**
Private Equities - Managed Investments	
CRESCENT CAPITAL PARTNERS GROWTH FUND	712,500
INNOVATION CAPITAL LIMITED	180,600
MACQUARIE INVESTMENT TRUST	4,110,000
Sub-total	**5,003,100**
Total	**58,089,707**

NOTES

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