GOWINGS
Est. 1868

ACN 000 010 471

139th ANNUAL REPORT

31 July 2007

INVESTING TOGETHER FOR A SECURE FUTURE

CORPORATE DIRECTORY

DIRECTORS

W. A. Salier (Chairman)
J. E. Gowing (Managing director)
J. G. Parker (Non-executive director)

SECRETARY

J. S. Byers

STOCK EXCHANGE LISTING

The Australian Stock Exchange
Ticker Code: GOW

REGISTERED OFFICE

Suite 21, Jones Bay Wharf
26 - 32 Pirrama Road
Pyrmont NSW 2009
Phone: 61 2 9264 6321
Fax: 61 2 9264 6240

SHARE REGISTRY OFFICE

Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2000
Phone: 1300 855 080
Fax: 61 2 8234 5050

AUDITORS

HLB Mann Judd
Level 19, 207 Kent Street
Sydney NSW 2000
Phone: 61 2 9020 4000

CONTENTS

ABOUT GOWINGS

INVESTMENT OBJECTIVE

To maximise and protect shareholder wealth over the long term.

OUR VALUES

Patience
Discipline
Understanding
Conviction
Decisiveness
Integrity

INVESTMENT PHILOSOPHY

Investments are made across different asset classes to take advantage of changing cycles. This greatly assists to outperform the equity market during periods of cyclic downturn or volatility. Having a diversified basket of assets also assists to produce smoother returns from year to year.

Investments are made in assets which have the potential to deliver superior growth over the long term and when that growth is not reflected in today's asset prices. Investments are made on a risk return basis with higher returns required for more risky assets.

In identifying high calibre investments, we draw on the experience and expertise of our board and management and their wider network. We seek to take advantage of our ability to invest in wholesale offerings not generally available to retail investors.

As a long term investor, we rarely sell stocks unless their outlook changes or they become significantly overvalued. This assists us to maximise returns through the power of compound interest, minimising tax and transaction costs.

At Gowings, all the board of directors are shareholders, hence our commitment to "investing together for a secure future".

TRANSPARENT COMMUNICATION

As an investor itself, Gowings values transparent information. A review is conducted half yearly and formal audited financial statements are provided annually along with regular informal company updates.

All shareholder communication may be found at the company's website www.gowings.com or on the Australian Stock Exchange's website www.asx.com.au.

INVESTING IN GOWINGS

Gowings shares can be bought or sold through the Australian Stock Exchange under the ticker code GOW.

Gowings is internally managed and does not pay performance fees to an external manager. There are no entry or exit fees and no trailing commissions.

HISTORY

The Gowing family started the company in 1868 and continues to use the company as its principal wealth creation and preservation vehicle.

The company, under 4 generations of the Gowing family, has prospered through 139 years of economic booms and busts, world wars and market crashes. The company's origins were in retailing which soon led to significant property investments being made across Sydney's CBD. At one stage, the Gowings Market Street building completed in 1929 was the tallest building in the city.

Gowings has also had an early interest in equity investments being one of the founding investors in Woolworths. In the 1950's, a significant re-allocation of capital was made into listed equities. Since then, listed equities have become the primary generator of wealth for our shareholders and currently represent 80% of our investment portfolio.

MANAGING DIRECTOR'S REVIEW OF OPERATIONS

On behalf of your board of directors and management, I am pleased to comment on the results for the year ended 31 July 2007.

24.3% INCREASE IN NET ASSETS PER SHARE

The year ended 31 July 2007 was an exceptional year for our company. Net assets per share before deferred taxes on unrealised gains grew by 24.3% to $4.71 (2006: $3.87) including 10c of dividends paid. Net assets under management grew to a milestone $201 million (2006: $170 million) after the payment of $4.3 million in dividends and buying back $4.2 million of the company's shares.

5c FINAL PLUS 5c SPECIAL DIVIDEND DECLARED

The directors have declared a final dividend of 5c per share plus a special dividend of 5c. The special dividend is being paid out of the proceeds from significant capital gains made in our private equity portfolio. Both the final and special dividends have the added benefit of being fully franked LIC dividends. Total dividends paid or declared from current year profits of 15c represent a 50% increase on the prior year.

STRONG GROWTH ACROSS ALL ASSET CLASSES

The listed equity portfolio including Australian and international shares delivered a 29.2% return for the year ending 31 July 2007. International diversification assisted us to outperform the Australian market in the final quarter of the year.

The major assets in our property portfolio generated notable performances including Norton Street Leichhardt and Bong Bong Street Bowral whose valuations increased 47% and 17% respectively following project completions.

Current year returns from our private equity portfolio have been the best on record and are expected to continue over the coming years. Two large distributions totalling $6 million were received during the year from the sale of our interest in the manager of Crescent Capital and from a realisation in Crescent Fund II returning 7 times our original investment.

Post year end, a distribution of $1.1 million was received from AMP Fund III representing 6 times our original investment.

OUTLOOK AND MARKET UPDATE

Following our year end, the Australian and global markets experienced significant uncertainty after credit markets froze in response to issues surfacing in the American sub-prime home mortgage market. The speed and severity of the resulting sell-off was unexpected by us and many other market participants. Precipitous falls in several of our strongest companies seemed to us unwarranted. The sell-off occurred during what was to become one of the strongest reporting seasons ever with exceptional results being delivered by BHP, Woolworths and Blackmores, to name a few.

The current correction provided us with an impetus to strengthen the portfolio by selling several stocks we considered to be fully priced. Our portfolio's cash weighting post year end has increased to $27 million from $12 million at 31 July 2007. Gowings also has a $10m finance facility in place, which in addition to our current cash holdings, places the company in a strong position to buy quality companies on any further market weakness.

Please refer to the "Summary of Financial Results" and "Gowings at a Glance" for further details.

John Gowing
Managing Director

4 October 2007

SUMMARY FINANCIAL RESULTS

NET ASSETS PER SHARE

	2007	2006
Net assets at market value	$201,088,000	$170,063,000
Provision for tax on unrealised gains	($18,812,000)	($11,829,000)
Net assets after provision for tax on unrealised gains	182,276,000	158,234,000
Shares outstanding	42,686,065	43,865,262
Net assets per share	$4.71	$3.87
Net assets per share after provision for tax on unrealised gains	$4.27	$3.61

INCOME STATEMENT

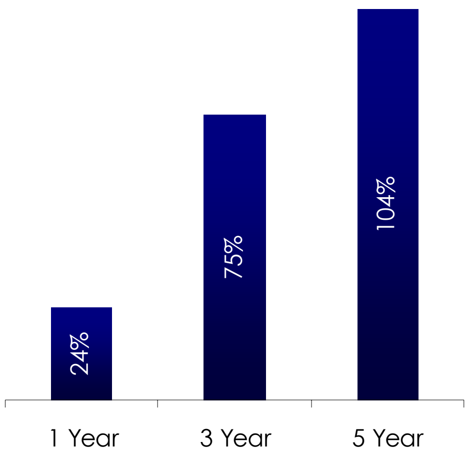
	2007 $'000	2006 $'000
Interest income	2,599	1,216
Listed equities income	4,655	3,147
Private equities income	185	487
Investment property income	386	684
Operating expenses	(2,249)	(2,430)
Interest expense	(973)	(786)
Recurring earnings	4,603	2,318
Realised capital gains		
Listed equities	5,829	83
Private equities	5,139	-
Investment properties	176	18,965
Development properties	167	291
Other	165	796
Total realised capital gains	11,476	20,135
Unrealised gains – private equity	1,409	1,285
Unrealised gains – property	2,611	-
Net profit before tax	20,099	23,738
Income tax (expense) credit	(4,763)	1,778
Minority interest	-	6
Net profit after tax	15,336	25,522

DIVIDENDS

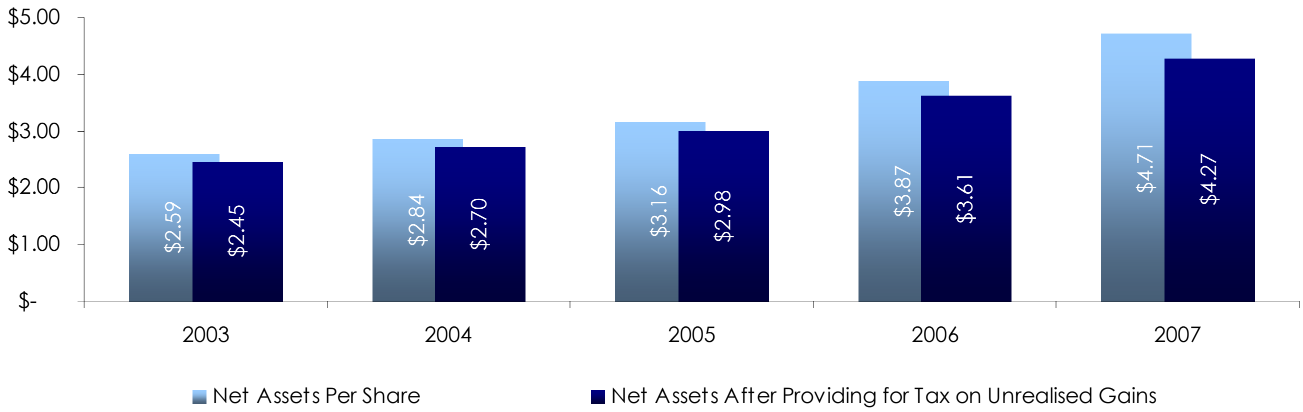
	Amount	Franking
Special	5c	100% fully franked LIC capital gains
Final	5c	100% fully franked LIC capital gains
Interim	5c	100% fully franked ordinary
Total	15c	

SHAREHOLDER RETURNS

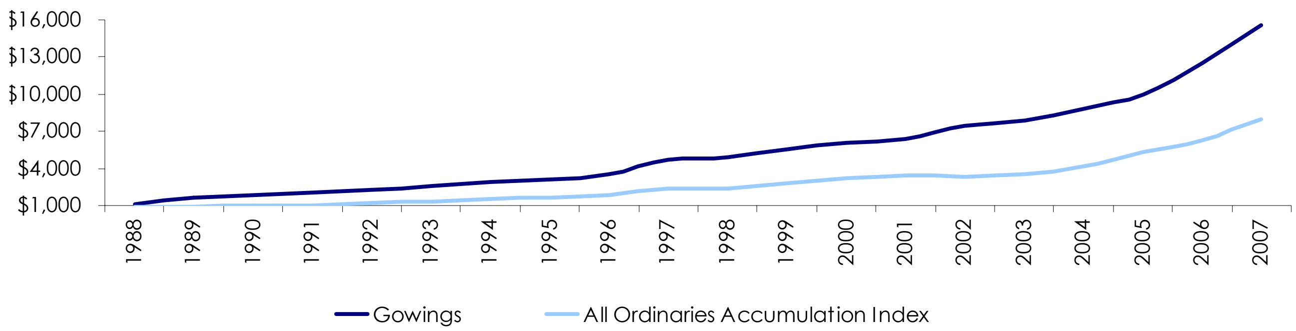
	1 Year	3 Year	5 Year
Opening net assets per share	3.87	2.84	2.53
Closing net assets per share	4.71	4.71	4.71
Increase in net assets	0.84	1.87	2.18
Dividends paid	0.10	0.27	0.44
Total return	0.94	2.14	2.62
% Total return	24.3%	75.4%	103.6%
% Annual return	24.3%	25.1%	20.7%



5 YEAR GROWTH IN NET ASSETS PER SHARE



20 YEAR COMPARATIVE GROWTH OF $1,000



PORTFOLIO

	2007		2006	
	$'000	%	$'000	%
Cash and fixed interest	12,154	6%	53,942	32%
Private equity investments	18,893	9%	10,590	6%
Listed equity investments	160,242	80%	97,553	57%
Investment property	9,906	5%	2,889	2%
Development property	872	0%	873	1%
Other	(979)	0%	4,216	2%
Net assets before providing for tax on unrealised gains	201,088	100%	170,063	100%
Net assets per share before providing for tax on unrealised gains	$4.71		$3.87	
Net assets after providing for tax on unrealised gains	182,276		158,235	
Net assets per share after providing for tax on unrealised gains	$4.27		$3.61	

Private Equities

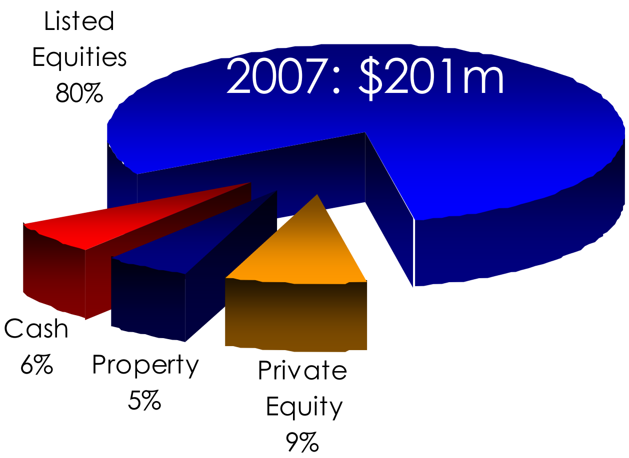
	Country	2007 Manager's Valuation
		$'000
Macquarie Whole Sale Co-Investment Fund	AUS	4,251
ANZ Business Equity Fund	AUS / NZ	2,500
Crescent Capital Partners II Limited Partnership	AUS / NZ	2,096
Crescent Capital Partners Growth Fund	AUS	1,783
AMP PEFIIIA	AUS	1,571
AMP PEFIIIB	AUS	1,571
Macquarie European Infrastructure Fund	Europe	2,590
Everest Babcock & Brown Opportunity Fund	Global	1,000
Gowings Property Development Fund	AUS	823
Crescent Capital Partners Limited	AUS	350
Innovation Capital Limited	AUS	218
Surf Hardware	AUS	118
Mitre 10 Pty Limited Trading	AUS	22
Total		18,893

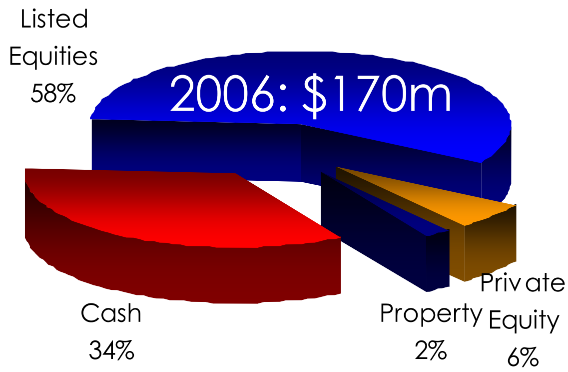
Listed Equities

	Country	2006 Number Held	2007 Number Held	2007 Market Value
		'000	'000	$'000
BHP Billiton	AUS	469	469	17,366
Westpac Bank	AUS	309	389	10,202
Floating Rate Notes	AUS	-	25	9,000
Rio Tinto	AUS	72	72	6,702
ANZ Banking Group	AUS	139	209	5,911
Woodside Petroleum	AUS	130	130	5,627
Macquarie Bank	AUS	60	65	5,396
Alesco Corporation	AUS	360	360	5,130
Soul Pattinson & Co.	AUS	500	500	4,960
Woolworths	AUS	180	180	4,912
Blackmores	AUS	194	207	4,666
Carlton Investments	AUS	156	189	4,355
Commonwealth Bank	AUS	25	80	4,341
St.George Bank	AUS	115	115	3,968
National Australia Bank	AUS	100	100	3,836
Australian Stock Exchange	AUS	112	112	5,469
Coates Hire	AUS	320	600	3,258
Hills Industries	AUS	525	525	3,203
Aspen Group	AUS	955	1,092	2,839
Invocare	AUS	450	450	2,799
Resmed Incorporated	AUS	200	500	2,535
Harvey Norman	AUS	250	450	2,381
AMP Capital China Growth	AUS	-	1,600	2,192
Wesfarmers	AUS	-	55	2,144
ARB Corporation	AUS	500	500	2,125
John Fairfax Holdings	AUS	700	400	1,936
India Equities Fund	AUS	-	2,000	1,900
Noni B	AUS	674	400	1,900
Platinum Asset Management	AUS	-	270	1,858
Everest Babcock & Brown Inv.	AUS	100	520	1,810
News Corporation	AUS	-	68	1,788
TomTom	NED	-	20	1,536

	Country	2006 Number Held	2007 Number Held	2007 Market Value
		'000	'000	$'000
Emeco Holdings	AUS	-	985	1,497
Macquarie Airports	AUS	300	300	1,311
Everest Babcock & Brown	AUS	100	358	1,270
Souls Private Equity	AUS	500	5,000	1,250
Perpetual	AUS	-	15	1,163
Aditya Birla Minerals	AUS	300	300	1,038
Babcock & Brown	AUS	26	36	1,015
Coffey International	AUS	106	236	1,004
Fleetwood Corporation	AUS	100	102	962
Australian Agricultural Co.	AUS	300	300	921
Transurban Group	AUS	120	120	862
Seek	AUS	-	100	843
Fortescue Metals Group	AUS	-	25	826
Insurance Australia Group	AUS	120	143	817
Concept Hire	AUS	200	333	665
Allco Finance Group	AUS	50	61	650
Westfield	AUS	-	33	619
GLG Corporation	AUS	-	850	595
WOTIF.COM Holdings	AUS	-	100	588
Regional Express Holdings	AUS	-	200	522
Textron	USA	-	4	496
Archer Daniels Midland	USA	-	13	493
Deere & Co	USA	-	3	481
Lend Lease Corporation	AUS	25	25	466
Dairy Equities	NZD	-	929	333
Gosford Quarry Holdings	AUS	-	400	312
Nomad Building Solutions	AUS	-	100	308
Imdex	AUS	-	200	300
QRXPharma	AUS	-	150	276
Apple Incorporated	USA	-	2	263
Orica Preference Shares	AUS	33	33	51
Total				**160,242**

PORTFOLIO REVIEW





6% Cash (2006: 34%)

Cash on hand and short term interest bearing securities represented 6% or $12 million of our total portfolio at year end. Cash balances reduced systematically during the year as new investments were made, predominantly in listed equities, and to a lesser extent in our managed private equity portfolio.

5% Property (2006: 2%)

The company had gross property investments of $24.6 million or $11 million after debt in various retail, commercial, industrial and residential properties.

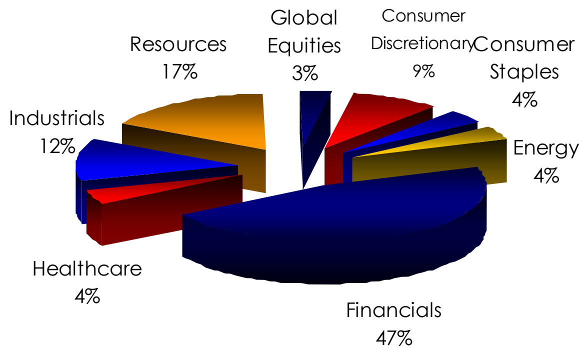
Property investments are made on an opportunistic basis where higher returns can be generated relative to our listed equity portfolio. Property investments are generally made with joint venture partners where we can assume a relatively passive investment role. Current year property investment highlights include:

Norton Street Leichhardt Retail Reconfiguration
The valuation of our joint venture Norton Street retail property increased 47% or $1.9 million following a significant tenant reconfiguration to maximise future rental yields. New tenants, including Westpac, were secured under favourable long term leases. The building's occupancy rate is 100%. An expression of interest campaign is currently being run to evaluate the potential sale of the building.

Bong Bong Street Bowral Retail Development
The valuation of our joint venture Bong Bong Street retail property increased 17% or $0.6 million following development completion during the year. The building is near full occupancy on lease terms slightly better than our original forecast. An expression of interest campaign is also being run to determine its current value and sale potential.

80% Listed equities (2006: 58%)

The listed equity portfolio including Australian and international shares delivered a 29.2% return for the year ending 31 July 2007. International diversification assisted us to outperform the Australian market in the final quarter of the year.



Company	1 Year Share Price Increase	Holding
Everest Babcock & Brown	177%	$1,270,115
Regional Express Holdings	84%	$522,000
West Australian Newspapers*	77%	$1,726,889
Aspen Group	73%	$2,838,712
Blackmores Limited	73%	$4,665,668
Vision Systems Limited*	71%	$1,501,569
Australian Agricultural Co	69%	$921,000
Alesco Corporation Limited	57%	$5,130,000
Harvey Norman Limited	54%	$2,380,500
Australian Stock Exchange	50%	$5,469,075
Babcock & Brown Limited	46%	$1,014,840
Fleetwood Corporation	46%	$961,611
Woolworths Limited	43%	$4,912,200
Macquarie Airports	42%	$1,311,000
Aditya Birla Minerals Limited	42%	$1,038,000
Rinker Group Limted*	41%	$1,558,502
Coffey International	40%	$1,003,718
Souls Private Equity Limited	39%	$1,250,000
Nomad Building Solutions	38%	$308,000
Invocare Limited	38%	$2,799,000
ARB Corporation Limited	34%	$2,125,000
Macquarie Bank	33%	$5,396,078
BHP Billiton Limited	33%	$17,366,061
WOTIF.COM Holdings	33%	$588,000
Lend Lease Corporation	31%	$465,750
Rural Press Limited*	31%	$1,797,922
Imdex Limited	30%	$300,000
Carlton Investments	30%	$4,354,835
Soul Pattinson & Co Limited	27%	$4,960,000
Hills Industries Limited	26%	$3,202,866
RIO Tinto Limited	25%	$6,701,760

* Denotes sold during year

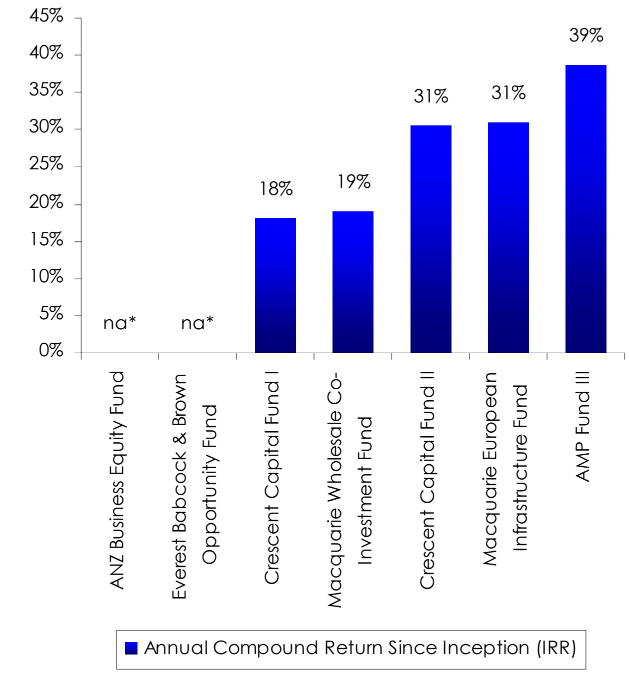
We continue to monitor emerging global trends which will drive significant shifts in future consumption, behaviour and economies.

Ideally we would prefer to invest in such trends through a leading Australian company. However, many industries are simply not well represented in Australia.

During the final quarter of the year, the company made 6 investments in listed international companies, which generated a 14% return over the 3 month period to year end. In particular, TomTom which rose 46% and was sold post year end due to its significant rise in valuation and inherent uncertainty in global credit markets.

Company	Trend	Investment Thesis
Apple Inc, USA	Increasing penetration of the internet, convergence of technologies and digitisation of media, entertainment and communication.	Leading the world in delivery of mobile digitisation. Makes complex products 'cool' and easy to use. Strong culture of innovation, brand, marketing, execution, strategy, vertical integration and management.
Archer Daniels Midland, USA	Increasing consumption of soft commodities from developing nations and use of biofuels.	Largest agribusiness company in the world. Strengths include strong management, significant intellectual property, vertical integration, barriers to entry, and economies of scale.
Deere & Co, USA	Rising commodity prices have increased farm incomes. Farmers are purchasing new and larger equipment to take advantage of the cycle.	Largest supplier of agricultural farm equipment in the world. Market share is twice as large as CAT. Growing market share and export sales. Best brand, strong management, strong business model, financialisation, weak USD beneficiary, rising export sales.
Dairy Equities, NZ	Rising incomes in populous developing countries is increasing the demand for milk products.	Provides exposure to Fonterra. Fonterra is a co-op owned by 11,000 NZ dairy farmers. Fonterra controls 95% of NZ's milk supplies and accounts for 30% of the global export market for milk products.
Textron, USA	Rising personal and corporate wealth is increasing demand for more efficient travel. Increasing airport security and administrative regulations is increasing travel times.	Leading corporate jet manufacturer of Cessna planes with a 2 year backorder book (45% of earnings). Bell Helicopter in restructuring mode (25%). Strong management implementing 6-sigma philosophies.
TomTom, NED	Satnav penetration increasing worldwide as technology improves and costs are reduced.	Best positioned with leading products, highest R&D, highest market share and largest operational scale. Strong management strategically positioning company with proposed purchase of TeleAtlas Maps.

9% Private equities (2006: 6%)



** Investments in these funds are less than 12 months old and are carried at cost.*

Gowings currently has $17.9 million invested across 6 different managers with further commitments of $8 million to be called.

Current year returns from our private equity portfolio have been the best on record and were fundamental in providing significant capital gains to pay the special dividend declared.

Key highlights are set out below;

<u>Crescent Capital – Partial sale of manager</u>
One of the earliest private equity investments we made was as a founding investor in the manager of Crescent Capital for $350,000. We are pleased to report Gowings sold part of this investment during the year for $2.4 million. Gowings retains an interest in the manager for Crescent Fund's I and II.

<u>Crescent Fund II – 7 times realisation</u>
Crescent Capital sold a mining services business during the year which accounted for approximately 12.2c in the dollar of the fund's investments at cost. The proceeds from sale resulted in a distribution to Gowings of 90.3c or $3.6 million.

<u>AMP Capital Fund III – 6 times realisation</u>
Shortly after year end, AMP Capital sold a water business to Alesco which accounted for approximately 9c in the dollar of the fund's investments at cost. The proceeds from sale resulted in a distribution to Gowings of 53c or $1.1 million received in August 2007.

Gowings has been investing in managed private equity funds for approximately 10 years. In essence, Gowings acts as a fund-of-funds providing access to the best managers and diversification of underlying investments. Gowings seeks to gain access to the best managers and by taking a portfolio approach, provides diversification and effective risk management.

Our investment philosophy is to use our relationships to access managers with a unique advantage as follows:

Fund	Competitive Advantage
AMP Fund III	Access to baby boomers that have an association with AMP and require liquidity / exit.
ANZ Business Equity Fund	Source deals through 400 business bank lenders
Crescent Capital	Small manager with strong origination capabilities
Everest Babcock & Brown Opportunity Fund	Benefits from relationship with Babcock & Brown
Macquarie European Infrastructure Fund	First mover advantage having specialist infrastructure and operational expertise
Macquarie Wholesale Co-Investment Fund	Proven ability to co-invest alongside selected managers with proven performance

THE BOARD OF DIRECTORS AND MANAGEMENT

The directors are all shareholders in the company, which ensures that their interests are aligned with those of other shareholders.

DIRECTORS

Tony Salier — Chairman

B.A, LL.B (Syd), LL.M (Harvard)
Shareholding: 46,774 shares

Tony Salier has been a director of Gowings since 1974 and chairman since 1995. Tony has witnessed and participated in the remarkable growth of the company under the direction of Ted Gowing and John Gowing over the past 35 years.

Tony is a senior lawyer with Pigott Stinson, a long established Sydney law firm. Tony has practised corporate law in Sydney for 40 years and advises a number of corporations. Tony was previously an examiner in company law for the Barristers and Solicitors Admission Board.

Tony is a trustee / director of foundations, estates and private companies with a combined investment portfolio exceeding $120 million.

John Gowing — Managing Director

Bachelor of Commerce, CA, CPA
Shareholding: 16,204,072 shares

John is only the fourth managing director of Gowings in 139 years. John's business and investment skills were honed from an early age by his father Ted. Ted passed on the knowledge that he had received from his father and grandfather. This heritage ensures that the company remains a strong and stable performer through the good times and the bad.

John has been responsible for the significant repositioning the company over the past 5 years, which was instrumental generating the company's recent strong returns.

John is a member of the Institute of Chartered Accountants in Australia and a Certified Practising Accountant.

John Parker — Non-executive Director

Bachelor of Economics
Shareholding: 40,000 shares

John has served as a non-executive director of Gowings since January 2002. John is a principal and an executive director of Saltbush Funds Management, a niche alternative assets funds manager.

John brings considerable experience to the board with over twenty years of equities research and funds management experience in Sydney, London and South Africa. John joined County Natwest Securities (now Citigroup Smith Barney) in 1991 where he was a director from 1995 to 2001 and a top rated analyst servicing institutional investors.

EXECUTIVE MANAGEMENT

Stephen Byers — Executive Officer

Bachelor of Commerce, LL.B
Shareholding: 25,000 shares

Stephen has been an integral part of the Gowings executive management team in various roles over the past ten years at both a strategic and operational level.
Stephen has been instrumental in developing the company's property development and management activities. Stephen also provides in-house legal counsel for the company and has previously practised in commercial and property law.

Garth Grundy — Executive Officer

Bachelor of Commerce, CA, F Fin
Shareholding: Nil

Garth joined Gowings in February 2005 after having consulted to the company for approximately 3 years.
Garth has 14 years of investment and corporate finance experience gained from his past employment with corporate advisory firm Coyne Capital, investment bank Hindal Corporate and the corporate finance division of Ernst and Young.
Garth is a Fellow of the Financial Services Institute of Australia and a member of the Institute of Chartered Accountants in Australia.

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 2007.

Consolidated results

	2007	2006
	$'000	$'000
Operating profit for the year before income tax	20,099	23,738
Income tax (expense) credit	(4,763)	1,778
Net profit after income tax	15,336	25,516
Net profit attributable to minority interests	-	6
Net profit attributable to members of Gowing Bros. Ltd	15,336	25,522

Dividends

A final fully franked LIC capital gains tax dividend of 5 cents per share is payable on 25 October 2007.	$2,134,303
A special fully franked LIC capital gains tax dividend of 5 cents per share is payable on 25 October 2007.	$2,134,303
An interim fully franked dividend of 5 cents per share was paid to shareholders on 24 April 2007.	$2,145,961
A final fully franked dividend of 5 cents per share was paid to shareholders on 25 October 2006 in accordance with last year's annual report.	$2,194,477

The directors have chosen to suspend the company's Dividend Reinvestment and Bonus in Lieu Plans until further notice.

Review of operations
The operations of the consolidated entity are reviewed in the managing director's review of operations on pages 2 to 9.

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

Principal activities
The principal activity of the company is investment and wealth management. The company maintains and actively manages a diversified portfolio of assets including long-term equity and similar securities, investment properties, managed private equity, property development projects and cash.

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the company this financial year.

Matters subsequent to the end of the financial year
No other matter or circumstance has arisen which 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.

Likely developments and expected results of operations
Further information on likely developments in the operations of the consolidated entity are included in the managing director's review of operations on pages 2 to 9.

Directors' interests
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 1974 Member of the audit committee Mr Salier is a solicitor with 40 years experience No directorships held in other listed companies over past 3 years	46,774	-
J. E. Gowing - managing director Executive Bachelor of Commerce Member of The Institute of Chartered Accountants in Australia Member of CPA Australia Director since 1983 Directorships held in listed companies during past 3 years: - G Retail Limited - resigned August 2004 - Noni B Limited - resigned October 2005	16,204,072	-
J. G. Parker Non-executive Bachelor of Economics Director since 2002 Member of the audit committee Mr Parker is an executive director of a niche alternative assets manager. No directorships held in other listed companies over past 3 years	40,000	-

Meetings of directors
Attendance at board and audit committee meetings by each director of the company during the financial year is set out below:

	BOARD MEETINGS		AUDIT COMMITTEE MEETINGS	
	Held	Attended	Held	Attended
W. A. Salier	9	9	2	2
J. E. Gowing	9	9	-	-
J. G. Parker	9	9	2	2

Remuneration report
The company's remuneration report, which forms a part of the Directors' Report, is on pages 15 to 18.

Corporate governance
A statement describing the company's main corporate governance practices is on pages 19 to 20.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 51.

Shares under option
There were no unissued shares under option at the date of this report.

Indemnification and insurance of directors and officers
The company's constitution provides an indemnity for 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.

Non-audit services
The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the consolidated entity are important.

Details of the amounts paid or payable to the auditor (HLB Mann Judd) for audit and non-audit services provided during the year are set out below.

The board of directors has considered the position and, in accordance with the advice received from the audit committee is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.* The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in Professional Statement 1-1, including reviewing or auditing the auditors' own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

Audit fees and services
During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	CONSOLIDATED	
	2007 $	2006 $
1. Audit services		
Audit and review of financial reports and other audit work under the *Corporations Act 2001*	67,700	71,040
2. Other assurance services		
Review of outgoings	-	8,676
3. Taxation services		
Tax compliance services, including review of company income tax returns	22,450	37,650

Rounding of amounts to nearest thousand dollars
The company is of a kind referred to in Class Order 98/0100 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.

Environmental regulation
No significant environmental regulations apply to the consolidated entity.

This report is made in accordance with a resolution of the directors of Gowing Bros. Limited.

W. A. SALIER
Director

J. E. GOWING
Director

Sydney
4 October 2007

REMUNERATION REPORT

Remuneration philosophy (audited)
It is the company's objective to provide maximum stakeholder benefit from the retention of a high quality Board and executive team by remunerating directors and executives fairly and appropriately with reference to relevant employment market conditions and the nature of company operations.

Remuneration committee (audited)
The Board has chosen not to establish a remuneration committee given the nature of the company. The company has two non-executive directors, one executive director and two other executives. The full board acts as a remuneration committee as and when appropriate.

Remuneration structure (audited)
For non-executive directors, remuneration is typically by way of directors' fees as described below. For the executive director and two executives, remuneration is by way of a fixed salary component and a discretionary incentive component as described below.

Non-executive directors (audited)
Persons who were non-executive directors of the company for part or all of the financial year ended 31 July 2007 were:

- W.A. Salier, chairman
- J.G. Parker.

The remuneration of non-executive directors is determined in accordance with the directors' remuneration provisions of the company's constitution. Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the board in line with the market. The chairman's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to determination of his own remuneration. Non-executive directors do not receive any performance based remuneration or share options.

There is no scheme to provide retirement benefits to non-executive directors.

Executives (audited)
Executives are officers of the company who are involved in, concerned with, take part in and are able to influence decisions in the management of the affairs of the company. Persons who were executives for all or part of the financial year ended 31 July 2007 were:

- J.E. Gowing, Managing Director
- J.S. Byers, Company Secretary
- G.J. Grundy

Executive remuneration (audited)
Executive remuneration is a combination of a fixed total employment costs package and a discretionary incentive element which may be awarded by cash bonus or invitation to participate in the company's Employee Share & Option Scheme or Deferred Employee Share Plan Scheme. Remuneration is referenced to relevant employment market conditions and reviewed annually to ensure it is competitive and reasonable.
The incentive element is awarded at the discretion of the board on the basis of recommendation from the managing director. In determining the amount (if any) of bonus payments or of options or shares issued, consideration is given to an executive's effort and contribution to both the current year performance and the long term performance of the company, the scope of the executive's responsibility within the company, the scale and complexity of investments required to be managed, the degree of active management required and the degree of skill exhibited in the overall process. Regard is also to be had to the quantum of an executive's total remuneration.

Staff
Compensation arrangements for the staff are reviewed by the managing director with reference to relevant employment market conditions. In relation to the payment of bonuses, options and other incentive payments, discretion is exercised by the managing director with approval of the board having regard to the overall performance of the company and the performance of the individual over the period.

Employee Share & Option Scheme and Deferred Employee Share Plan Scheme (audited)
The company Employee Share & Option scheme and Deferred Employee Share Plan Scheme may be utilised as a part of the award of any incentive payment for all employees.

Remuneration and company performance (audited)
Due to the significant growth in net assets, total remuneration as a percentage of net assets has decreased over the past 5 years as set out below:

	2007	2006	2005	2004	2003
	%	%	%	%	%
Remuneration % of net assets	0.55	0.61	0.64	0.62	0.62

Executive remuneration has increased at a lower rate than the increase in shareholder returns, as set out below:

	1 year	3 years	5 years
	%	%	%
Cumulative shareholder return	24.3	75.2	103.4
Cumulative increase in executive remuneration	5.0	20.0	51.0

Director remuneration (audited)
The following table discloses the remuneration of directors of the company for the years ended 31 July 2007 and 31 July 2006 respectively:

2007	PRIMARY				POST-EMPLOYMENT	LONG TERM BENEFITS	
Name	Cash salary and fees	Cash bonus	Non-monetary benefits [1]	Other [2]	Super-annuation	Long service leave	Total
	$	$	$	$	$	$	$
W.A. Salier	-	-	-	-	58,889	-	58,889
J. E. Gowing	189,935	150,000	7,864	41,854	16,386	3,387	409,426
J. G. Parker	40,000	-	-	-	-	-	40,000
Total	229,935	150,000	7,864	41,854	75,275	3,387	508,315

2006	PRIMARY				POST-EMPLOYMENT	LONG TERM BENEFITS	
Name	Cash salary and fees	Cash bonus	Non-monetary benefits [1]	Other [2]	Super-annuation	Long service leave	Total
	$	$	$	$	$	$	$
W. A. Salier	-	-	-	-	61,111	-	61,111
J. E. Gowing	189,935	140,000	7,625	38,736	16,386	3,387	396,069
J. G. Parker	39,722	-	-	-	-	-	39,722
M. T. Alscher	39,722	-	-	-	-	-	39,722
Total	269,379	140,000	7,625	38,736	77,497	3,387	536,624

Executive remuneration (audited)
The following table discloses the remuneration of other senior executives of the company for the years ended 31 July 2007 and 31 July 2006 respectively:

2007	PRIMARY				POST-EMPLOYMENT	LONG TERM BENEFITS	
Name	Cash salary and fees $	Cash bonus $	Non-monetary benefits [1] $	Other [2] $	Super-annuation $	Long service leave $	Total $
J. S. Byers	169,179	120,000	7,864	31,590	15,516	3,719	347,868
G.J. Grundy	164,285	80,000	-	-	14,174	-	258,459
Total	333,464	200,000	7,864	31,590	29,690	3,719	606,327

2006	PRIMARY				POST-EMPLOYMENT	LONG TERM BENEFITS	
Name	Cash salary and fees $	Cash bonus $	Non-monetary benefits [1] $	Other [2] $	Super-annuation $	Long service leave $	Total $
J. S. Byers	168,991	120,000	7,625	35,184	15,275	17,621	364,696
G. J. Grundy	154,404	11,000	-	-	13,211	-	178,615
Total	323,395	131,000	7,625	35,184	28,486	17,621	543,311

[1] Non-monetary benefits include car parking and FBT related charges.
[2] Other benefits include motor vehicles and FBT related charges.

Details of remuneration (audited)
The following table discloses the basis of remuneration for directors and executives for the years ended 31 July 2007 and 31 July 2006 respectively:

PROPORTIONAL ELEMENTS OF REMUNERATION	2007		2006	
	Performance related %	Non-performance related %	Performance related %	Non-performance related %
Directors				
W. A. Salier	-	100	-	100
J. E. Gowing	37	63	35	65
J. G. Parker	-	100	-	100
Executives				
J. S. Byers	34	66	33	67
G. J. Grundy	31	69	6	94

Basis of employment (audited)
Remuneration and other terms of employment for the managing director, executives and other key management personnel are approved by the board of directors and provide for the provision of performance-related cash bonuses, other benefits including health insurance, car allowances and tax advisory services.

Other major provisions relating to remuneration are set out below.

J.E. Gowing, *Managing Director*
- Term – indefinite.
- Base salary, inclusive of superannuation, for the year ended 31 July 2007 of $198,450, to be reviewed annually by the board of directors.
- Other benefits and non-monetary benefits included motor vehicle, car parking and FBT related charges for the year ended 31 July 2007 of $49,718.
- No termination benefit is payable.

J.S. Byers, *Executive Officer –Company Secretary*
- Term – indefinite.
- Base salary, inclusive of superannuation, for the year ended 31 July 2007 of $187,917, to be reviewed annually by the managing director.
- Other benefits and non-monetary benefits included motor vehicle, car parking and FBT related charges for the year ended 31 July 2007 of $39,454.
- No termination benefit is payable.

G.J. Grundy
- Term – indefinite.
- Base salary, inclusive of superannuation, for the year ended 31 July 2007 of $171,666, to be reviewed annually by the managing director.
- No termination benefit is payable.

The board of directors of Gowing Bros. Limited is responsible for the corporate governance of the entity. The board guides and monitors the business and affairs of Gowing Bros. Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

Gowing Bros. Limited corporate governance practices were in place throughout the year ended 31 July 2007 and were compliant with the Australian Stock Exchange Corporate Governance Council's ("the Council's") "Principles of Good Corporate Governance and Best Practice Recommendations" ("the Recommendations") which are as follows:

Principle 1. Lay solid foundations for management and oversight
Principle 2. Structure the board to add value
Principle 3. Promote ethical and responsible decision making
Principle 4. Safeguard integrity in financial reporting
Principle 5. Make timely and balanced disclosure
Principle 6. Respect the rights of shareholders
Principle 7. Recognise and manage risk
Principle 8. Encourage enhanced performance
Principle 9. Remunerate fairly and responsibly
Principle 10. Recognise the legitimate interests of stakeholders with the exception of the following:

Principle 2.1 The majority of the board are not independent directors
Principle 2.4 A nomination committee has not been established
Principle 9.2 A remuneration committee has not been established

Structure of the board

The skills, experience and expertise relevant to the position of Director held by each director in office at the date of the annual report is included in the directors' report on page 12.

The company currently has two non-executive directors and one executive director being the managing director, Mr John Gowing. Only one non-executive director, Mr John Parker, is considered to be independent in terms of the Council's prescriptive definition of an independent director. Whilst the remaining non-executive director is not considered independent under the Council's definition, the board is of the view that his non-independence is not materially significant given the nature of the relationships between the company and this director. Having regard to the current membership of the board and the size, organisational complexity and scope of operations of the company, the company does not believe that creating a Board having a majority of independent Directors is appropriate for the company at this time.

There are procedures in place, agreed by the board, to enable directors, in furtherance of their duties, to seek independent professional advice at the company's expense.

The term in office held by each director in office at the date of this report is as follows:

Name	**Term in office**
Tony Salier	33 years
John Parker	6 years
John Gowing	25 years

For additional details regarding board appointments, please refer to our website.

Nomination Committee

The Board has not established a Nomination Committee as the Directors do not consider such a Committee to be of value or benefit given the nature of the Company.

All Directors are appointed subject to re-election requirements of the Company's Constitution, ASX Listing Rules and *Corporations Act 2001* provisions. The Board regularly reviews succession plans taking into consideration the range of skills, experience and expertise of the current members.

Audit committee

The board established its audit committee in 1997. The committee operates under a charter approved by the board.

It is the board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information. The Board has delegated to the audit committee the responsibility for oversight and monitoring of the effectiveness of the company's internal control framework and the effectiveness of the external audit function.

The committee also provides the board with additional assurance regarding the reliability of financial information for inclusion in the financial reports.

The members of the audit committee during the year were:

J.G. Parker, chairman
W.A. Salier

Performance

Given the nature of the company, the Board has adopted an informal ad-hoc performance evaluation process of its members and key executives.

Remuneration

It is the company's objective to provide maximum stakeholder benefit from the retention of a high quality board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. The board however has chosen not to establish a remuneration committee given the nature of the company.

For details on the amount of remuneration and all monetary and non-monetary components for each of the defined non-director executives during the year and for all directors, refer to pages 16 to 17. In relation to the payment of bonuses, options and other incentive payments, discretion is exercised by the Board, having regard to the overall performance of the company and the performance of the individual during the period.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors.

1. Shareholders at 31 August 2007

Range of shares	No of shareholders
1- 1,000 Shares	360
1,001-5,000 Shares	640
5,001-10,000 Shares	235
10,001-100,000 Shares	265
Over 100,000 Shares	36
Total Shareholders	1,536

The number of shareholdings held in less than marketable parcels is 72.

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

3. Substantial shareholders at 31 August 2007
The substantial shareholders as defined by Section 9 of the *Corporations Act 2001* are:

John Edward Gowing	16,204,072	Ordinary Shares
Carlton Hotel Limited	4,273,768	Ordinary Shares
Mollie Gowing	3,998,452	Ordinary shares
RBC Dexia Investor Services Australia Nominees Pty Limited	2,450,251	Ordinary Shares

4. Top twenty equity security holders at 31 August 2007
In accordance with Australian Stock Exchange Listing Rule 4.10, the top twenty equity security holders are:

		No of ordinary shares	% of issued shares
1.	Audley Investments Pty Ltd	5,915,475	13.86
2.	Warwick Pty Ltd	4,809,952	11.27
3.	Carlton Hotel Ltd	4,273,768	10.01
4.	John Edward Gowing	3,117,179	7.30
5.	RBC Dexia Investor Services Australia Nominees Pty Ltd	2,450,251	5.74
6.	Woodside Pty Ltd	2,022,871	4.74
7.	Mollie Gowing	1,774,756	4.16
8.	Dandeloo Pty Ltd	1,178,614	2.76
9.	Appleby Pty Ltd	1,045,082	2.45
10.	T N Phillips Investments Pty Ltd	720,306	1.69
11.	Enbeear Pty Ltd	578,936	1.36
12.	Jean Kathleen Poole-Williamson	459,348	1.08
13.	J S Millner Holdings Pty Ltd	317,960	0.74
14.	Frederick Bruce Wareham	385,147	0.90
15.	Washington H Soul Pattinson & Company Ltd	277,736	0.65
16.	Citicorp Nominees Ltd	247,450	0.58
17.	Westpac Custodian Nominees Ltd	243,891	0.57
18.	University of Sydney Union	215,641	0.50
19.	Cranley Holdings Pty Ltd	211,112	0.50
20.	J P Morgan Nominees Australia Ltd	201,962	0.50
Total		30,447,437	69.86
Total Issued Share Capital		42,686,065	

Number of shares bought back since year end: 10,538.

5. Corporate governance practices
Gowing Bros. Limited corporate governance practices are described on pages 19 to 20.

CONTENTS

139TH ANNUAL REPORT

	Notes	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT ENTITY 2007 $'000	PARENT ENTITY 2006 $'000
Revenue					
Interest income		2,599	1,216	2,599	1,216
Listed equities		4,655	3,147	4,655	9,026
Private equities		185	487	185	487
Investment properties		723	3,136	534	2,945
Other revenue		38	60	3,895	-
Total revenue		8,200	8,046	11,868	13,674
Other income					
Gains (losses) on disposal or revaluation of:					
Listed equities		5,829	83	5,829	83
Private equities		6,548	1,285	6,548	1,285
Investment properties		2,787	18,965	817	18,138
Development properties		167	291	61	-
Other income		165	796	165	127
Total other income		15,496	21,420	13,420	19,633
Total revenue and other income		23,696	29,466	25,288	33,307
Expenses					
Investment property expenses		375	2,452	338	1,740
Administration expenses		296	327	258	245
Borrowing cost expenses		973	786	973	762
Depreciation expenses		61	241	61	241
Employee benefits expense		1,573	1,471	1,573	1,428
Public company expenses		319	451	319	452
Debt forgiveness – former subsidiaries		-	-	281	-
Total expenses		3,597	5,728	3,803	4,868
Profit from continuing operations before income tax expense		20,099	23,738	21,485	28,439
Income tax benefit (expense)	6	(4,763)	1,778	(4,763)	2,138
Profit from continuing operations		15,336	25,516	16,722	30,577
Net profit attributable to minority interest		-	6	-	-
Profit attributable to members of Gowing Bros. Limited	27	15,336	25,522	16,722	30,577
Basic earnings per share	39	35.53c	57.53c		
Diluted earnings per share	39	35.53c	57.53c		

The above income statements should be read in conjunction with the accompanying notes.

	Notes	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT ENTITY 2007 $'000	PARENT ENTITY 2006 $'000
Current assets					
Cash and cash equivalents	7	12,154	53,942	12,150	53,866
Investment loans	8	-	1,260	-	1,275
Investment properties	9	12,769	650	12,769	650
Tax assets	10	-	674	-	674
Trade and other receivables	11	2,221	1,675	2,970	2,144
Other	12	153	194	153	194
Total current assets		27,297	58,395	28,042	58,803
Non-current assets					
Receivables	13	167	51	167	5,121
Listed equities	14	160,242	97,553	160,242	97,553
Private equities	15	18,893	10,590	18,893	10,592
Development properties	16	872	873	872	416
Investment properties	17	7,979	13,137	7,979	6,383
Plant and equipment	18	3,101	1,535	3,101	1,535
Deferred tax assets	19	107	1,430	107	1,430
Other	20	117	94	117	94
Total non-current assets		191,478	125,263	191,478	123,124
Total assets		218,775	183,658	219,520	181,927
Current Liabilities					
Trade and other payables	21	679	565	1,424	562
Current tax liabilities	22	1,939	-	1,939	-
Total current liabilities		2,618	565	3,363	562
Non-current liabilities					
Payables		3	-	3	-
Borrowings	23	14,865	12,850	14,865	12,850
Provisions	24	92	94	92	94
Deferred tax liabilities	25	18,921	11,914	18,921	11,572
Total non-current liabilities		33,881	24,858	33,881	24,516
Total liabilities		36,499	25,423	37,244	25,078
Net assets		182,276	158,235	182,276	156,849
Equity					
Parent entity interest					
Contributed equity	26	(449)	3,608	(449)	3,608
Reserves	27	133,213	37,238	133,278	37,302
Retained profits	27	49,509	117,386	49,447	115,939
Total parent entity interest		182,273	158,232	182,276	156,849
Minority interest in controlled entities	28	3	3	-	-
Total equity		182,276	158,235	182,276	156,849

The above balance sheets should be read in conjunction with the accompanying notes.

STATEMENTS OF CHANGES IN EQUITY 31 July 2007

	CONSOLIDATED		PARENT ENTITY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Total equity at the beginning of the financial year	158,235	134,166	156,849	127,719
Changes in the revaluation of listed equities, net of tax	17,083	6,517	17,083	6,517
Net income recognised directly in equity	17,083	6,517	17,083	6,517
Profit for the year	15,336	25,516	16,722	30,577
Total recognised income and expense for the year	32,419	32,033	33,805	37,094
Transactions with equity holders in their capacity as equity holders:				
Dividends provided for or paid	(4,321)	(4,462)	(4,321)	(4,462)
Decreases through buybacks of shares	(4,207)	(3,502)	(4,207)	(3,502)
Increase through issue of share capital	150	-	150	-
	(8,378)	(7,964)	(8,378)	(7,964)
Total equity at the end of the financial year	182,276	158,235	182,276	156,849

The above statements of changes in equity should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENTS

Year ended 31 July 2007

	Notes	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT ENTITY 2007 $'000	PARENT ENTITY 2006 $'000
Cash flows from operating activities					
Receipts from customers (inclusive of GST)		2,105	4,733	1,178	3,850
Payments to suppliers and employees (inclusive of GST)		(2,430)	(5,023)	(2,468)	(4,215)
Other receipts		300	-	383	-
Dividends received		3,913	3,151	4,636	3,892
Interest received		3,241	1,534	3,241	1,534
Borrowing costs		(973)	(783)	(983)	(730)
Income taxes (paid) refunded		323	(779)	290	(779)
Net cash inflows from operating activities	40	6,479	2,833	6,277	3,552
Cash flows from investing activities					
Payments for purchases of properties, plant and equipment		(1,627)	(1,501)	(1,627)	(1,501)
Payments for purchases of investment properties		(5,896)	(1,589)	(5,428)	(1,563)
Payments for purchases of development properties		(201)	(2,426)	(201)	-
Payments for financial assets		(58,155)	(27,893)	(58,155)	(27,893)
Proceeds from sale of plant and equipment		-	73	-	73
Proceeds from sale of financial assets		22,230	6,038	22,230	6,038
Proceeds from loan repayments		1,260	3,591	1,260	3,591
Proceeds from sale of property and other assets		486	72,128	290	68,791
Net cash (outflows) inflows from investing activities		(41,903)	48,421	(41,631)	47,536
Cash flows from Financing Activities					
Proceeds from borrowings		2,013	1,300	2,015	1,300
Payments for shares bought back		(4,056)	(3,502)	(4,056)	(3,502)
Repayment of lease liabilities		-	(443)	-	(443)
Repayment of borrowings		-	(167)	-	-
Dividends paid		(4,321)	(4,462)	(4,321)	(4,462)
Net cash (outflows) from financing activities		(6,364)	(7,274)	(6,362)	(7,107)
Net (decrease) increase in cash held		(41,788)	43,980	(41,716)	43,981
Cash at the beginning of the financial year		53,942	9,962	53,866	9,885
Cash at the end of the financial year	7	12,154	53,942	12,150	53,866

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Gowing Bros. Limited as an individual entity and the consolidated entity consisting of Gowing Bros. Limited and its subsidiaries.

(a) Basis of preparation
This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Compliance with IFRS
Australian Accounting Standards include Australian equivalents to the International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the consolidated financial statements and notes of Gowing Bros. Limited comply with International Financial Reporting Standards (IFRS). The parent entity financial statements and notes also comply with IFRS.

Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of listed equities (available-for-sale financial assets), financial assets and liabilities of private equities (at fair value through profit or loss) and investment properties.

Critical accounting estimates
The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement and complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

(b) 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 2007 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. Minority interests in the results and equity of controlled entities are shown separately in the consolidated income statement and balance sheet respectively.
Where control of an entity is obtained during a financial year, its results are included in the consolidated income statement 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 subsidiaries are accounted for at cost in the individual financial statements of Gowing Bros. Limited.
Investments in associates are accounted for in the consolidated financial statements using the equity method if the effect of not doing so is material. Under this method, the consolidated entity's share of the profits or losses of associates is recognised as revenue or expenses in the consolidated income statement, 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.
Intercompany transactions, balances and unrealised gains on transactions between companies in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred.
Accounting policies of subsidiaries have been changed where necessary to ensure consistency with policies adopted by the consolidated entity.

Joint ventures
Jointly controlled assets
The proportionate interests in the assets, liabilities and expenses of joint venture activities have been incorporated in the financial statements under the appropriate headings. Details of the joint ventures are set out in note 36.

Joint venture entities
The interest in a joint venture partnership is accounted for in the consolidated financial statements using the equity method and is carried at cost by the parent entity. Under the equity method, the share of the profits or losses of the partnership is recognised in the income statement, and the share of movements in the reserves is recognised in reserves in the balance sheet.
Profits or losses on the transactions establishing the joint venture partnership and transactions with the joint venture are eliminated to the extent of the consolidated entity's ownership interest until such time as they are realised by the joint venture partnership on consumption or sale, unless they relate to an unrealised loss that provides evidence of the impairment of an asset transferred.

1.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Segment reporting
A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those segments operating in other economic environments.

(d) Foreign currency translation
(i) Functional and presentation currency
Items included in the financial statements of each of the consolidated entities are measured using the currency of primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Australian dollars, which is Gowing Bros. Limited's functional and presentation currency.
(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.
Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translations differences on non-monetary assets and liabilities such as private equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss.

(e) Income tax
The income tax expense or revenue for the period is the tax payable on the current period's taxable income adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.
Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.
Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled.
No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.
Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.
Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.
Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.
Current deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation legislation
Gowing Bros. Limited and its wholly-owned controlled entities have implemented the tax consolidation legislation as of 1 August 2002.
As a consequence, Gowing Bros. Limited as the head entity in the tax consolidated group, recognises current and deferred tax amounts relating to transactions, events and balances of the controlled entities in this group as if those transactions, events and balances were its own, in addition to the current and deferred tax amounts arising in relation to its own transactions, events and balances. Amounts receivable or payable under an accounting tax sharing agreement with the tax consolidated entities are recognised separately as tax-related amounts receivable or payable.

(f) Impairment of assets
Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

1.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Property, plant and equipment
The purchase method of accounting is used for acquisitions of property, plant and equipment. 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.
Depreciation is calculated on a straight-line basis to write off the net cost or revalued amount of each item of 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.
Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their residual values, over their estimated useful lives, as follows:

Plant and equipment	3 to 10 years
Motor vehicles	6 to 8 years
Buildings	40 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.
An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.
Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in the income statement.

(h) Revenue recognition
Revenue is recognised for the major business activities as follows:
(i) Long term investments
Dividend income is recognised when received.
(ii) Property rental
Rental income is recognised in accordance with the underlying rental agreements.
(iii) Land development and sale
Revenue is recognised when there is a signed unconditional contract of sale.
(iv) Property construction and sale
Contract revenue and expenses are recognised in accordance with the percentage completion method unless the outcome of the contract cannot be reliably estimated. Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense incurred, and where it is probable costs will be recovered, revenue is recognised to the extent of costs incurred.
Where it is probable the loss will arise from a construction contract, the excess of the total expected contract costs over total expected contract revenue is recognised as an expense immediately.
(v) Other investment revenue
Trust income and option income is recognised when earned.
(vi) Other property revenue
Other property revenue is recognised in accordance with underlying agreements.
(vii) Interest revenue
Interest income is recognised when earned.

(i) Receivables
All trade debtors are recognised at the amounts receivable as they are due for settlement no more than 30 days from recognition.
Collectibility of trade debtors is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off and a provision for doubtful debts is raised when some doubt as to collection exists.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Investments and other financial assets

Interests in current listed securities are brought to account at fair value, with the change in fair value reflected in the long term revaluation reserve.

Unlisted securities are brought to account at fair value, with any change in fair value reflected in the income statement.

Interests in non-current listed and unlisted securities, other than controlled entities and associates in the consolidated financial statements, are brought to account at cost. Controlled entities and associates are accounted for in the consolidated financial statements as set out in note 1(b).

The interest in joint ventures is accounted for as set out in note 36.

The consolidated entity classifies its investments in the following categories: private equities (financial assets at fair value through the profit and loss) and listed equities (available-for-sale financial assets). The classification depends on the purpose for which it was acquired. Management determines the classification on initial recognition.

(i) Listed equities

Listed equities, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

(ii) Private equities

Private equities are financial assets held for trading which are acquired principally for the purpose of selling in the short term with the intention of making a profit.

Recognition/de-recognition and subsequent measurement

Regular purchases and sales of investments are recognised on trade-date - the date on which the consolidated entity commits to the purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through the profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Investments and financial assets are subsequently carried at fair value. Gains or losses arising from private equities, including interest and dividend income, are presented in the income statement within other income or other expenses in the period in which they arise.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in amortised cost are recognised in profit or loss and other changes in carrying amount are recognised in equity. Changes in the fair value of other monetary and non-monetary securities classified as listed equities are recognised in equity.

When listed securities are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as gains (losses) from listed equities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the consolidated entity establishes fair value by using valuation techniques. These include the use of recent arm's length transactions and reference to other instruments that are substantially the same and relying as little as possible on entity-specific inputs.

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

(k) Investment properties

Investment property, principally comprising freehold commercial and retail buildings, is held for long-term rental yields and is not occupied by the consolidated entity. Investment property is carried at fair value determined annually by management. Changes in fair values are recorded in the income statement as part of other income.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Trade and other payables
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.

(m) Borrowings
Bills payable are carried at their principal amounts. Borrowings are classified as current liabilities unless the consolidated entity has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(n) 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.

(o) Fair value estimation
The fair value of financial assets and financial liabilities must be estimated for recognition and measurement for disclosure purposes.
The fair value of financial instruments traded in active markets (such as listed equities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the consolidated entity is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.
The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The consolidated entity uses a variety of methods and assumptions that are based on market conditions existing at balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held.
Other techniques as described in Note 3 are used to determine fair values of private equities and investment properties.

(p) Employee entitlements
(i) Wages, Salaries and Annual Leave
Liabilities for wages, salaries and annual leave are recognised in other creditors, and are measured as the amount unpaid at the reporting date in respect of employees' services up to that date at pay rates expected to be paid when the liabilities are settled.
(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 and periods of service.

(q) 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.
Only borrowings costs relating specifically to the qualifying asset are capitalised.
Borrowing costs include interest on bank overdrafts and short-term and long-term borrowings, including amounts paid or received on interest rate swaps.

(r) Cash and cash equivalents
For purposes of the cash flow statement, 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. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Earnings per share
(i) Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.
(ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after tax effect of the interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(t) 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.

(u) New standards and interpretations not yet adopted
New standards, amendments to standards and interpretations relating to future financial periods have been issued by the AASB, which have not been early adopted by the consolidated entity. Applications of these standards will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the consolidated and parent entity's financial instruments.

(v) Comparative Information
Information has been reclassified where applicable to enhance comparability.

2. FINANCIAL RISK MANAGEMENT

The consolidated entity's activities expose it to a variety of financial risks; market risk, liquidity risks, and cash flow and fair value interest rate risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity through the mix of investment classes.
The Board of Directors and management undertake various risk management practices both informally on a daily basis and formally on a monthly basis at Board level. Risks are identified and prioritised according to significance and probability. Progress towards managing these risks is documented and formally reviewed on a monthly basis.

Market risk
(i) Foreign exchange risk
Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.
(ii) Price risk
The consolidated entity is exposed to equity securities price risk. This arises from investments held by the consolidated entity and classified on the balance sheet either as available-for-sale or at fair value through the profit or loss. The consolidated entity is not exposed to commodity price risk.
(iii) Fair value interest rate risk
Refer below.

Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close-out market positions.

Cash flow and fair value interest rate risk
The consolidated entity's interest-rate risk arises from long-term borrowings and cash on deposit. Borrowings issued at variable rates expose the consolidated entity to cash flow interest-rate risk. Borrowings issued at fixed rates expose the consolidated entity' to fair value interest-rate risk.
The consolidated entity's interest bearing assets include deposits on the overnight money market. Interest earnt on these deposits varies according to the Reserve Bank's monetary policy decisions.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Gowing Bros. Limited makes estimates relating to fair values of private equities and investment properties movements.

The impact on private equities at 31 July 2007 was a gain of $1,409,000 (2006: a gain of $1,285,000) in the income statement. Private equities are recorded at fair value in the balance sheet as follows at 31 July 2007: $18,893,000 (2006: $10,590,000). Private equities are based on external manager valuations, which are then reviewed for reasonableness and validity of assumptions. Where possible, valuations are based on audited financial reports at 30 June 2007. Where these reports are not available, quarterly investment reports from investment managers are used. Preparation of valuations is in accordance with the Australian Venture Capital Association (AVCAL) valuation guidelines. Valuations are prepared with reference to comparable asset prices, market conditions, future outlooks, minority ownership interest and liquidity provisions. These are based on managements calculations although it is reasonably possible alternate values were in existence at year end. Management does not consider a change in any key assumptions would result in material changes.

Investment property valuations are based on management's estimate of their fair value incorporating discounted future cash flows, external valuations and appraisals and recent sales of comparable properties. The impact on the income statement relating to the revaluation of investment properties was $2,611,000 during 2007. There was no impact on the income statement during 2006.

4. SEGMENT INFORMATION

Business segments
The consolidated entity comprises the following business segments, based on the company's management reporting system:

- Cash and fixed interest
- Listed equities
- Private equities
- Investment properties
- Development properties
- Other

The consolidated entity operates only in Australia.

	CONSOLIDATED	
	2007 $'000	2006 $'000
Segment revenue		
Cash and fixed interest – interest received	2,599	1,216
Listed equities – dividends and option income	4,655	3,147
Private equities – distributions received	185	487
Investment properties – rent received	723	3,136
Other	38	60
	8,200	8,046
Segment other income		
Listed equities – realised gains on disposal	5,829	83
Private equities – realised gains on disposal	5,139	-
Private equities – unrealised fair value gains	1,409	1,285
Investment properties – realised gains on disposal	176	18,965
Investment properties – unrealised fair value gains	2,611	-
Development properties – realised gains on disposal	167	291
Other	165	796
	15,496	21,420
Total segment revenue and other income	23,696	29,466
Segment result		
Cash and fixed interest	2,599	1,216
Listed equities	10,484	3,230
Private equities	6,733	1,772
Investment properties	3,135	19,589
Development properties	167	291
Other	(3,019)	(2,360)
	20,099	23,738
Income tax (expense) credit	(4,763)	1,778
Net profit	15,336	25,516

4. SEGMENT INFORMATION (CONTINUED)

	CONSOLIDATED 2007 $'000	2006 $'000
Segment assets		
Cash and fixed interest	12,154	53,942
Listed equities	160,242	97,553
Private equities	18,893	10,590
Investment properties	22,554	15,752
Development properties	997	931
Unallocated assets	3,935	4,890
Total assets	218,775	183,658
Segment liabilities		
Private equities	965	500
Investment properties	13,900	12,577
Development properties	4	5
Unallocated liabilities	21,630	12,341
Total liabilities	36,499	25,423
Acquisition of:		
- Investment properties	8,490	1,549
- Development properties	201	416
- Listed equities	46,136	23,929
- Private equities	8,577	3,964
Gains (losses) on disposal or revaluation of:		
- Investment properties	2,787	18,657
- Listed equities	5,829	83
- Private equities	6,548	1,659
Unallocated:		
- Depreciation	61	241
- Acquisition of property, plant and equipment	1,627	1,475

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 114: Segment Reporting.
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, investment loans, investments, investment properties and 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 borrowings, trade and other creditors and employee entitlements. Segment assets and liabilities do not include income taxes. Tax assets and liabilities are represented as unallocated amounts.

Segment cash flows
Segment information is not prepared for cash flows as management consider it not relevant to users in understanding the financial position and liquidity of the entity.

5. OPERATING PROFIT

	CONSOLIDATED 2007 $'000	2006 $'000	PARENT ENTITY 2007 $'000	2006 $'000
Profit from continuing operations before income tax expense includes the following specific items:				
Gains				
Private equity investment distributions	180	113	180	113
Expenses				
Interest paid	738	786	738	762

6. INCOME TAX EXPENSE

	CONSOLIDATED		PARENT ENTITY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Income tax expense (credit)				
Current tax	2,248	(406)	2,248	(770)
Deferred tax	2,554	(1,171)	2,554	(1,167)
Under (over) provided in prior years	(39)	(201)	(39)	(201)
	4,763	(1,778)	4,763	(2,138)
Income tax expense (credit) attributable to:				
Profit from continuing operations	4,763	(1,778)	4,763	(2,138)
Profit from discontinued operations	-	-	-	-
Aggregate income tax expense (credit)	4,763	(1,778)	4,763	(2,138)
Numerical reconciliation of income tax expense to prima facie tax payable				
Profit from continuing operations before income tax expense	20,099	23,738	21,485	28,439
Tax at the Australian tax rate of 30% (2006 – 30%)	6,030	7,122	6,445	8,532
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Non-assessable income	(206)	307	(206)	307
Non-deductible expenses	569	271	569	264
Accounting profit on disposal of other financial assets	-	(7,608)	-	(7,608)
Franked dividends	(1,153)	(888)	(1,260)	(1,046)
Dividends received from and debt forgiveness to controlled entities	-	-	(308)	(1,605)
Utilisation of tax losses brought forward	(438)	(781)	(438)	(781)
Under (over) provision in prior year	(39)	(201)	(39)	(201)
Income tax expense (credit)	4,763	(1,778)	4,763	(2,138)
Amounts recognised directly in equity				
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity	5,776	3,043	5,776	3,039

7. CASH AND CASH EQUIVALENTS

Cash at bank and on hand	82	72	77	-
Deposits at call	12,072	53,870	12,073	53,866
	12,154	53,942	12,150	53,866

The deposits at call bear floating interest rates of up to 6.15% (2006: 5.65%).

8. INVESTMENT LOANS

Development properties	-	-	-	15
Mezzanine loans	-	1,260	-	1,260
	-	1,260	-	1,275

9. INVESTMENT PROPERTIES (CURRENT)

Land and buildings – at fair value	12,769	650	12,769	650
Movements				
Balance at beginning of year	650	-	650	-
Transferred from non-current	12,119	650	12,119	650
Balance at end of year	12,769	650	12,769	650

10. CURRENT TAX ASSETS

Income tax refundable	-	674	-	674

11. TRADE AND OTHER RECEIVABLES

	CONSOLIDATED		PARENT ENTITY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Trade debtors	-	33	-	33
Less: Provision for doubtful debts	-	(11)	-	(11)
	-	22	-	22
Other debtors	2,221	1,653	2,970	1,224
Tax related receivables from wholly owned controlled entities and joint ventures	-	-	-	898
	2,221	1,675	2,970	2,144

Other debtors
Other debtors includes interest on mezzanine finance transactions and property development loans, charged at commercial rates, a receivable from Bergow Unit Trust and monies due on contracts for sales exchanged but not settled from the Bunya Pines Estate joint venture.

Effective interest rates and credit risk
Information concerning the effective interest rate and credit risk is set out in note 30.

12. OTHER CURRENT ASSETS

Prepayments	153	191	153	191
Deferred expenditure	-	3	-	3
	153	194	153	194

13. NON-CURRENT RECEIVABLES

Loans to controlled entities	-	-	-	5,070
Loans to directors, director related entities and executives	26	35	26	35
Other loans	141	16	141	16
	167	51	167	5,121

Information relating to loans to related parties and directors is set out in note 34.
The directors believe the fair value of receivables equal the carrying amounts.
The consolidated entity's exposure to interest rate risk and effective weighted average interest rate by maturity periods is set out in note 30.

14. LISTED EQUITIES

At the beginning of the year	97,553	68,697	97,553	68,697
Revaluation to fair value	22,859	9,558	22,859	9,558
Additions	44,578	23,929	44,578	23,929
Disposals (sale and redemption)	(4,748)	(4,631)	(4,748)	(4,631)
At end of year	160,242	97,553	160,242	97,553

15. PRIVATE EQUITIES

At the beginning of the year	10,590	5,894	10,592	5,896
Revaluation to fair value	6,548	1,659	6,548	1,659
Additions	8,576	3,964	8,576	3,964
Disposals (sale and redemption)	(6,821)	(927)	(6,823)	(927)
At end of year	18,893	10,590	18,893	10,592

Changes in fair values of other financial assets at fair value through the profit or loss are recorded in other income in the income statement.

16. DEVELOPMENT PROPERTIES

	CONSOLIDATED		PARENT ENTITY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Development properties	872	873	872	416

17. INVESTMENT PROPERTIES

Land and buildings – at fair value	7,979	13,137	7,979	6,383
At fair value				
Balance at beginning of year	13,137	63,286	6,383	55,860
Acquisition of properties	5,896	1,549	5,428	1,173
Net gain (loss) from fair value adjustment	2,611	-	641	-
Sale of properties	(1,546)	(51,048)	(2,329)	(50,000)
Transfer from de-registered subsidiaries (see note 37)	-	-	9,975	-
Transfer to current (note 9)	(12,119)	(650)	(12,119)	(650)
Balance at end of year	7,979	13,137	7,979	6,383
Amounts recognised in profit and loss for investment properties				
Rental revenue	723	3,136	534	2,945
Direct operating expenses from rental generating properties	(375)	(2,452)	(338)	(1,740)
	348	684	196	1,205

Valuation basis
The basis of the valuation of investment properties is fair value being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition subject to similar leases.
The 2007 revaluations were determined by directors using internal and external information (Note 3).

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

Within one year	51	-	51	-
Later than one but not later than 5 years	38	-	38	-
Later than 5 years	-	-	-	-
	89	-	89	-

18. PLANT AND EQUIPMENT

At cost	3,204	1,775	3,204	1,775
Less: Accumulated depreciation	(103)	(240)	(103)	(240)
	3,101	1,535	3,101	1,535

Reconciliations of the carrying amounts of plant and equipment at the beginning and end of the current and previous financial year are set out below:

Carrying amount at start of year	1,535	853	1,535	838
Additions	1,627	1,478	1,627	1,478
Disposals/write-offs	-	(555)	-	(541)
Depreciation/amortisation expense	(61)	(241)	(61)	(240)
Carrying amount at end of year	3,101	1,535	3,101	1,535

19. DEFERRED TAX ASSETS

	CONSOLIDATED		PARENT ENTITY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
The balance comprises temporary differences attributable to:				
Amounts recognised in the profit or loss				
Employee benefits	42	46	42	46
Accruals	46	18	46	18
Write down of investments	-	557	-	557
Tax losses carried forward	-	782	-	782
Other	19	27	19	27
Net deferred tax assets	107	1,430	107	1,430
Movements				
Opening balance at 1 August	1,430	669	1,430	669
Credited (charged) to the income statement	(1,323)	761	(1,323)	761
Closing balance at 31 July	107	1,430	107	1,430
Deferred tax assets to be recovered after 12 months	47	627	47	627
Deferred tax assets to be recovered within 12 months	60	803	60	803
	107	1,430	107	1,430

20. OTHER NON-CURRENT ASSETS

Other assets	117	94	117	94

21. TRADE AND OTHER PAYABLES

Trade creditors	80	112	76	110
Other creditors and accruals	599	453	1,348	452
	679	565	1,424	562

22. TAX LIABILITIES

Income tax	1,939	-	1,939	-

23. BORROWINGS

Bill payable - unsecured [1]	10,000	10,000	10,000	10,000
Bill payable - secured	3,900	2,350	3,900	2,350
Loan payable - secured	965	500	965	500
	14,865	12,850	14,865	12,850

[1] The entity has entered into a rolling bank bill facility expiring on 26 February 2010 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. 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.

Bills have been drawn as a source of short-term financing on a needs basis.

Details of the consolidated entity's exposure to interest rate changes on borrowings are set out in note 30.

The directors believe the fair value of financial assets and liabilities equal the carrying amounts. Fair value is inclusive of costs which would be incurred on the settlement of a liability.

23. BORROWINGS (CONTINUED)

Security
Details of the security relating to each of the secured liabilities and further information on banks loans are set out below.

	CONSOLIDATED		PARENT ENTITY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Total secured liabilities				
The total secured liabilities (current and non-current) are as follows:				
Bills payable[1]	3,900	2,350	3,900	2,350
Loans payable[2]	965	500	965	500
	4,865	2,850	4,865	2,850

Assets pledged as security

[1] $3.9 million is secured against specific investment properties with a carrying value of $5,982,943.
[2] $1.0 million is secured against Gowing Bros. Limited's investment in the Macquarie European Infrastructure Fund.

Financing arrangements

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

	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT ENTITY 2007 $'000	PARENT ENTITY 2006 $'000
Total facilities				
Bank overdrafts	1,000	1,000	1,000	1,000
Unsecured bill acceptance facility	20,000	20,000	20,000	20,000
Secured bill facilities	3,900	4,700	3,900	4,700
Secured loan facility	965	500	965	500
	25,865	26,200	25,865	26,200
Used at balance date				
Bank overdrafts	-	-	-	-
Unsecured bill acceptance facility	10,000	10,000	10,000	10,000
Secured bill facilities	3,900	2,350	3,900	2,350
Secured loan facility	965	500	965	500
	14,865	12,850	14,865	12,850
Unused at balance date				
Bank overdrafts	1,000	1,000	1,000	1,000
Unsecured bill acceptance facility	10,000	10,000	10,000	10,000
Secured bill facilities	-	2,350	-	2,350
	11,000	13,350	11,000	13,350

The interest rates at balance date were up to a maximum of 7.14% on the unsecured bill acceptance facility (2006: 6.39%) and up to 7.17% on the secured bill facilities (2006: 6.87%).

On-balance sheet
The fair value of borrowings is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for liabilities with similar risk profiles.

Off-balance sheet
There are no off- balance sheet borrowings or contingencies.

24. PROVISIONS

	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT ENTITY 2007 $'000	PARENT ENTITY 2006 $'000
Employee entitlements	92	94	92	94

25. DEFERRED TAX LIABILITIES

	CONSOLIDATED		PARENT ENTITY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
The balance comprises temporary differences attributable to:				
Prepayments	2	2	2	2
Investment properties	1,082	341	1,082	-
Fixed assets - difference between book and tax	(11)	(3)	(11)	(2)
Private equities	624	136	624	136
Listed equities	17,215	11,438	17,215	11,436
Foreign exchange	9	-	9	-
Net deferred tax liabilities	18,921	11,914	18,921	11,572
Movements:				
Opening balance at 1 August	11,914	9,281	11,572	8,939
Charged (credited) to the income statement	1,231	(410)	1,573	(406)
Charged (credited) to equity	5,776	3,043	5,776	3,039
Closing balance at 31 July	18,921	11,914	18,921	11,572
Deferred tax liabilities to be settled after 12 months	18,921	11,914	18,921	11,572
Deferred tax liabilities to be settled within 12 months	-	-	-	-
	18,921	11,914	18,921	11,572

26. CONTRIBUTED EQUITY

	Number of Shares 2007	Number of Shares 2006	2007 $'000	2006 $'000
Share capital				
Ordinary shares fully paid	42,686,065	43,865,262	(449)	3,608

Movements in ordinary share capital

Date	Details	Number of Shares	Issue Price Per Share $	$'000
31/07/2005	Balance	45,081,822	N/A	7,110
	On market share buyback purchases	(1,216,560)	N/A	(3,502)
31/07/2006	Balance	43,865,262	N/A	3,608
	On market share buyback purchases	(1,223,347)	N/A	(4,207)
	Transferred to Deferred Employee Share Plan	44,150	N/A	150
31/07/2007	Balance	42,686,065		(449)

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.

Deferred employee share plan

The Deferred Employee Share Plan may be utilised as part of any incentive payments for all employees. For transaction cost reasons, where possible shares bought back as part of the entity's ongoing capital reduction programme are utilised for this purpose rather than cancelled.

Options

There were no options on issue at the time of this report.

On-market share buy back

Throughout the year the company purchased on-market and cancelled shares as part of the company's ongoing capital management program.

27. RESERVES AND RETAINED PROFITS

	CONSOLIDATED		PARENT ENTITY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Reserves				
Movements				
Asset revaluation reserve				
Opening balance	-	25,965	-	25,965
Transfer to retained profits	-	(25,965)	-	(25,965)
Closing balance	-	-	-	-
Capital profit reserve[1]				
Opening balance	-	-	-	-
Transfer from retained profits	78,892	-	78,893	-
Closing balance	78,892	-	78,893	-
Long term asset revaluation reserve[2]				
Opening balance	37,238	30,723	37,302	30,785
Revaluation - gross	22,859	9,558	22,859	9,556
Deferred tax	(5,776)	(3,043)	(5,776)	(3,039)
Closing balance	54,321	37,238	54,385	37,302
Total reserves	133,213	37,238	133,278	37,302

[1] The capital profits reserve is used to record pre-CGT profits.
[2] The long term revaluation reserve is used to record increments and decrements on listed equities. Amounts are recognised in the profit or loss when the associated assets are sold or impaired.

Retained Profits				
Retained profits at the beginning of the financial year	117,386	70,359	115,939	63,857
Net profit attributable to members of Gowing Bros. Limited	15,336	25,522	16,722	30,577
Dividends provided for or paid	(4,321)	(4,462)	(4,321)	(4,462)
Aggregate of amounts transferred (to) from reserves	(78,892)	25,967	(78,893)	25,967
Retained profits at the end of the financial year	49,509	117,386	49,447	115,939

28. MINORITY INTEREST

Contributed equity	-*	-*	-	-
Retained profits	3	3	-	-
	3	3	-	-

* Interest in contributed equity is $500.

29. DIVIDENDS

	PARENT ENTITY	
	2007 $'000	2006 $'000
Ordinary shares		
2006 final dividend of 5.0 cents per share (2005: 3.5 cents)	2,173	2,922
Interim dividend of 5.0 cents (2006: 3.5 cents) per share	2,148	1,540
Total dividends declared	4,321	4,462
Dividends paid in cash	4,321	4,462

Franked dividends declared and paid during the year were fully franked at the tax rate of 30%.

Dividends declared after year end
Subsequent to year end the directors have recommended the payment of a final dividend of 5 cents per ordinary share and a special dividend of 5 cents fully franked both based on tax paid at 30% to be paid as LIC capital gains tax dividends. The maximum amount of the proposed dividends expected to be paid on 25 October 2007 out of retained profits at 31 July 2007 is $2,134,303 (2006: $2,194,477) for final dividend and $2,134,303 for the special dividend.

The financial effect of the dividend declared subsequent to the reporting date has not been brought to account in the financial statements for the year ended 31 July 2007 and will be recognised in subsequent financial reports.

Franked dividends
The franked portions of the final and special dividends declared after 31 July 2007 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 2007.

	CONSOLIDATED		PARENT ENTITY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Franking credits available for subsequent financial years (tax paid basis)	10,875	9,136	10,875	9,136

The above amounts are based on the balance of the franking account at year end, 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
(d) franking credits that may be prevented from being distributed in subsequent financial years.

The consolidated amounts include franking credits that would be available to the parent entity if distributable profits of subsidiaries were paid as dividends.

30. INTEREST RATE AND CREDIT RISK EXPOSURES

The consolidated entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities are as follows:

	Floating interest rate $'000	Fixed interest maturing in <1 year $'000	1 – 5 years $'000	>5 years $'000	Non-interest bearing $'000	Total $'000
2007						
Financial assets						
Cash and cash equivalents	4,874	7,279	-	-	1	12,154
Trade and other receivables	-	-	5	-	2,383	2,388
Other financial assets	-	-	-	5,000	174,135	179,135
	4,874	7,279	5	5,000	176,519	193,677
Weighted average interest rate	6.06%	6.33%	15.00%	7.71%		
Financial liabilities						
Payables	-	-	-	-	682	682
Borrowings	-	13,900	965	-	-	14,865
	-	13,900	965	-	682	15,547
Weighted average interest rate	-	7.15%	6.9%	-	-	-
Net financial assets (liabilities)	4,874	(6,621)	(960)	5,000	175,837	178,130
2006						
Financial assets						
Cash and cash equivalents	53,940	-	-	-	2	53,942
Trade and other receivables	-	275	-	-	1,451	1,726
Investment loans	-	1,260	-	-	-	1,260
Other financial assets	-	-	-	-	108,143	108,143
	53,940	1,535	-	-	109,596	165,071
Weighted average interest rate	5.65%	16.07%				
Financial liabilities						
Payables	-	-	-	-	659	659
Borrowings	-	12,350	500	-	-	12,850
	-	12,350	500	-	659	13,509
Weighted average interest rate	-	6.16%	5.95%	-	-	-
Net financial assets (liabilities)	53,940	(10,815)	(500)	-	108,937	151,562

Off balance sheet financial assets and liabilities
The consolidated entity has no off balance sheet financial assets or liabilities.

Credit risk exposures
The consolidated entity's maximum exposure to credit risk at the balance date in relation to each class of recognised financial asset is the carrying amount of those assets in the balance sheet.

Net fair value of financial assets and liabilities
The net fair value of financial assets and liabilities of the consolidated entity approximates their carrying value.

31. REMUNERATION OF AUDITORS

	CONSOLIDATED		PARENT ENTITY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Audit and review of the entity or any entity in the consolidated entity	68	86	68	86
Tax services	12	38	12	38
Advisory services	11	-	11	-
	91	**124**	**91**	**124**

32. COMMITMENTS FOR EXPENDITURE

Capital commitments
The company has uncalled capital commitments of up to $8,250,218 over a period of up to 10 years in relation to private equity and property fund investments held at year end.

33. EMPLOYEE ENTITLEMENTS

Long service leave (note 24)	92	94	92	94
Accrual for annual leave	49	59	49	59
Other payables	400	300	400	300
	541	453	541	453
	No.	No.	No.	No.
Number of employees at 31 July	8	8	8	8

34. 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 and J. G. Parker.
All of these persons were also directors during the year ended 31 July 2006.

Remuneration
Information on remuneration of directors and other key management personnel is disclosed in the directors' report.

Shares
All shares were held beneficially by the directors and other key management personnel.

	Shares held as at 31 July 2005 No.	Shares acquired/ (disposed) during the year No.	Shares held as at 31 July 2006 No.	Shares acquired/ (disposed) during the year No.	Shares held as at 31 July 2007 No.
W. A. Salier	46,774	-	46,774	-	46,774
J. E. Gowing	16,204,072	-	16,204,072	-	16,204,072
M. T. Alscher	240,982	5,600	246,582	(246,582)	-
J. G. Parker	40,000	-	40,000	-	40,000
J. S. Byers	25,000	-	25,000	-	25,000
G. J. Grundy	-	-	-	-	-

34. RELATED PARTIES (CONTINUED)

Loans to directors and executives
Loans to directors of entities in the consolidated entity and their director-related entities disclosed in note 13 comprise:

	CONSOLIDATED AND PARENT ENTITY					
	2007 QRS Investments $	2007 J.S. Byers $	2007 Total $	2006 QRS Investments $	2006 J.S. Byers $	2006 Total $
Balance brought forward	270,612	34,875	305,487	291,352	43,375	334,727
Cash advances	-	-	-	-	-	-
Interest charged	965	-	965	20,316	-	20,316
Repayments	(271,577)	(8,500)	(280,077)	(41,056)	(8,500)	(49,556)
Current balance	-	26,375	26,375	270,612	34,875	305,487

A secured loan was made to QRS Investments Pty Limited, a related entity to M. T. Alscher, who at the time was an executive of Gowing Bros. Limited prior to his becoming a director. The loan was made in order for the director to participate in the Gowing Bros. Employees Share and Option Plan. Interest was charged on the balance of the secured loan at a rate of 7.25% (2006: 7.25%). The loan was effectively secured as the title to the shares reverted to Gowing Bros. Limited in the event of default. This loan was repaid in full on 18 August 2006

The loan made to J. S. Byers is interest free and was made in order to allow the executive to participate in the Gowing Bros. Employee Share and Option Plan. The loan is effectively secured as the title to the shares reverts to Gowing Bros. Limited in the event of default.

Other transactions with directors and director related entities and executives:

Crescent Capital Partners Limited and Crescent Capital Partners Management Pty Limited
Crescent Capital Partners Limited is a related party due to an employee of Gowing Bros. Limited acting as director during the year.

Crescent Capital Partners Limited manages Crescent Capital Partners Growth Fund.

Crescent Capital Partners Management Pty Limited manages Crescent Capital Partners II Limited Partnership.

The parent entity holds 500,000 (2006: 500,000) ordinary shares in Crescent Capital Partners Limited. The parent entity has committed $2,685,000 (2006: $2,685,000) to the Crescent Capital Partners Growth Fund. At balance date $1,632,765 (2006: $1,849,045) has been invested.

The parent entity holds nil (2006: 817,810) ordinary shares in Crescent Capital Partners Management Pty Limited.
The parent entity has committed $4,000,000 (2006: $4,000,000) to the Crescent Capital Partners II Limited Partnership. At balance date $2,464,000 (2006: $2,020,000) has been invested.

During the year the parent entity sold its management rights in Crescent Capital for future funds for a consideration of $2,092,000.

QRS Investments Pty Limited
During the year the company paid QRS Investments Pty Limited $nil (2006: $37,324). M. T. Alscher resigned as a director of Gowing Bros. Limited on 6 July 2006 and the loan was repaid in full.

Creative License Pty Limited
A director related entity of J.E. Gowing. During the year the company paid fees amounting to $7,980 (2006: $4,329) to Creative License for services rendered in the production of the company's printed documentation.
All fees charged were on a commercial basis.

34. RELATED PARTIES (CONTINUED)

	CONSOLIDATED		PARENT ENTITY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Tax consolidation legislation				
Current tax payable assumed from wholly-owned tax consolidated entities	-	-	-	360
Contributions to superannuation funds on behalf of employees	69	82	69	75

Controlled entities

Ownership interests in controlled entities are set out in note 37.
Transactions between Gowing Bros. Limited and other entities in the group during the years ended 31 July 2007 and 2006 consisted of:

Loans to/from related parties				
Balance at beginning of the year	-	-	5,070	(68)
Loans advanced	-	-	-	502
Loan repayments received	-	-	-	(68)
Assets and liabilities transferred from subsidiaries to parent entity	-	-	(8,684)	-
Debt forgiveness	-	-	(281)	-
Dividends received	-	-	3,895	4,704
Balance at the end of the year	-	-	-	5,070

There are no fixed terms for the repayment of principal and no interest charged on loans advanced by Gowing Bros. Limited.

Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, during the financial year:

Executives

J. S Byers Executive Officer – Property Investments and Company Secretary
G. J. Grundy Executive Officer – Equity Investments

All the above persons were also key management personnel during the year ended 31 July 2006.

Key management personnel compensation

	CONSOLIDATED	
	2007	2006
Short-term employee benefits	1,002,571	952,944
Post-employment benefits	104,965	105,983
Long-term benefits	7,106	21,008
	1,114,642	**1,079,935**

The company has taken advantage of the relief provided by *Corporations Regulation 2M.6.04* and has transferred the detailed remuneration disclosures to the Remuneration Report on pages 15 to 18.

35. INVESTMENTS IN ASSOCIATES

In 2005, when the company had significant influence in G Retail Limited for part of the year, this was accounted for using the equity method. In 2006 a realised loss of $882,000 was reflected in the income statement relating to the write-off of Gowing Bros Limited investment in G Retail Ltd.

36. INTERESTS IN JOINT VENTURES

Joint venture operations
A controlled entity, Gowings Kempsey Pty Limited had entered into a joint venture operation named Bunya Pines Estate joint venture for land sub-division and development. The controlled entity had a 50% participating interest in this joint venture and is entitled to 50% of its output.

The parent entity has entered into a joint venture operation known as Regional Retail Properties, for long term investments in small regional retail centres. The controlled entity has a 50% participating interest in this joint venture and is entitled to 50% of its output.

A controlled entity, Gowings Kempsey Pty Ltd, had entered into a joint venture operation named Kemp Street Joint Venture for a land sub-division and development. The controlled entity had a 50% participating interest in this joint venture and is entitled to 50% of its output.

The parent entity has entered into a joint venture operation, known as Verge Street, as a long term investment property immediately adjacent to a new neighbour shopping centre currently under development. Gowing Bros. Limited has a 50% participating interest in this joint venture and is entitled to 50% of its output.

The parent entity has entered into a joint venture operation known as the Lodge of Dundee. Dundee is a freehold title oceanfront tourist park for which a redevelopment approval has been granted. The park is currently leased to a third party operator pending commencement of redevelopment works.

The parent entity has entered into a joint venture operation known as Yarrawonga. Yarrawonga is an approved 32 industrial strata unit development. Gowing Bros. Limited has a 50% interest in this venture and is entitled to 50% of its output.

During the year all subsidiaries of the parent entity were de-registered (refer note 37) and any interest these companies had in the joint ventures above were transferred to the parent entity.

The consolidated entity's interests in the assets employed in the joint ventures are included in the consolidated balance sheet, in accordance with the accounting policy described in Note 1(b), under the following classifications:

	CONSOLIDATED		PARENT ENTITY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Current assets				
Cash	39	104	39	32
Other	1	72	1	2
Total current assets	40	176	40	34
Non-current assets				
Investment properties	3,494	231	3,494	231
Development properties	873	873	873	-
Total non-current assets	4,367	1,104	4,367	231
Share of assets employed in joint venture	4,407	1,280	4,407	265

$3.90 million of borrowings is secured against Bowral, Forster and Eumundi investment properties. (Note 23).

37. INVESTMENTS IN CONTROLLED ENTITIES

	Country of Incorporation	Class of Share	EQUITY HOLDING 2007 %	2006 %
Parent company				
Gowing Bros. Limited				
Controlled entities				
Reysharn Pty Limited	Australia	Ordinary	-	100[1]
Toes on the Nose Pty Limited	Australia	Ordinary	-	100[1]
Gowings Dank St Pty Limited	Australia	Ordinary	-	100[1]
Laurelco Pty Limited	Australia	Ordinary	-	100[1]
Gowings Leichhardt Pty Limited	Australia	Ordinary	100[2]	100
Bayview Heights Estate Pty Limited	Australia	Ordinary	100[2]	100
Gowings Kempsey Pty Limited	Australia	Ordinary	100[2]	100
Zarlee Pty Limited	Australia	Ordinary	100[2]	100
Gowings Properties Pty Limited	Australia	Ordinary	50	50

[1]These entities were de-registered in April 2006.
[2]These entities were de-registered in May 2007.

Upon de-registration all subsidiaries respective assets and liabilities were transferred to the parent.

38. SHARE-BASED PAYMENTS

The deferred employee share plan has been in operation since 2006 which allows fully paid ordinary shares to be issued for no cash consideration. All Australian resident permanent employees (excluding directors) who have been continuously employed by the consolidated entity for a period of at least three years are eligible to participate in the scheme. Employees may elect not to participate in the scheme.
Shares are acquired on-market prior to the issue. Shares issued under the scheme may not be sold until the earlier of three years after issue or cessation of employment of the consolidated entity. In all other respects the shares rank equally with other fully-paid ordinary shares on issue.

	CONSOLIDATED 2007 No.	2006 No.	PARENT ENTITY 2007 No.	2006 No.
Shares issued under the plan to participating employees	44,150	-	44,150	-

The participants were issued shares worth $150,000 based on a weighted average market price of $3.40.

Total expenses arising from share-based payment transactions recognised during the period as part of employee expenses were as follows:

	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Shares issued under employee share scheme	150	-	150	-

Options
No options were on issue at year end (2006: Nil).

39. EARNINGS PER SHARE

	CONSOLIDATED	
	2007	2006
Basic earnings per share (cents)*	35.53c	57.53c
Diluted earnings per share (cents)*	35.53c	57.53c
Weighted average number of ordinary shares on issue	43,167,217	44,361,765
Net profit after tax excluding minority interests	15,336,000	25,516,000

* 2006 included the one off sale of the Market Street property

40. RECONCILIATION OF NET PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	CONSOLIDATED		PARENT ENTITY	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Profit from ordinary activities after income tax	15,336	25,516	16,722	30,577
Amortisation of interest rate swap	-	3	3	26
Depreciation	61	241	61	241
Gain on disposal of property, plant and equipment	(365)	(18,657)	(91)	(17,542)
Net gain on sale of listed equities	(10,968)	(83)	(10,968)	(83)
Fair value gains on private equities	(1,409)	(1,659)	(1,409)	(1,659)
Dividends received from controlled entities	-	-	(1,748)	(5,138)
Revaluation of investment properties	(2,611)	-	(2,611)	-
Provisions for doubtful debts	11	11	11	11
Provisions for employee entitlements	1	28	1	28
Decrease (increase) in receivables	1,017	227	1097	286
Decrease (increase) in prepayments	38	175	38	150
Decrease (increase) in income taxes	5,087	(2,556)	5,053	(2,899)
Increase (decrease) in trade creditors and accruals	281	(413)	118	(446)
Net cash inflow from operating activities	6,479	2,833	6,277	3,552

41. OTHER INFORMATION

Gowing Bros. Limited is incorporated and domiciled in New South Wales. The registered office, and principal place of business, is Unit 21, Jones Bay Wharf, 26 - 32 Pirrama Rd, Pyrmont, NSW 2009.
Phone: 61 2 9264 6321
Facsimile: 61 2 9264 6240
Email: info@gowings.com
Website: www.gowings.com

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 the Computershare Investor Services Pty. Limited, Level 3, 60 Carrington Street, Sydney NSW 2000, Telephone 1300 855 080, Overseas callers +61 (0)2 8234 5000, Facsimile + 61 (0)2 8234 5050.

In the directors' opinion:

1. (a) the financial statements and notes set out on pages 23 to 49 are in accordance with the Corporations Act 2001, including:

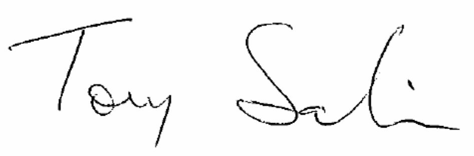
   (i) complying with Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
   (ii) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the financial year ended on that date; 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; and

   (c) the audited remuneration disclosures ser out pages 15 to 18 of the directors' report comply with Accounting Standard AASB 124 Related Party Disclosures and the Corporations Regulations 2001.

2. The directors have been given the declarations by the chief executive officer and chief financial officer for the year ended 30 June 2007 required by section 295A of the Corporations Act 2001.

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



W. A. SALIER
Director

J. E. GOWING
Director

Sydney
4 October 2007

AUDITORS' INDEPENDENCE DECLARATION 31 July 2007

To the directors of Gowing Bros. Limited

As lead auditor for the audit of Gowing Bros. Limited for the year ended 31 July 2007, I declare that, to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Gowing Bros. Limited and the entities it controlled during the year.

B. V. Rose
Partner

HLB MANN JUDD
(NSW Partnership)
Chartered Accountants

Sydney

4 October 2007

To the members of Gowing Bros Limited

We have audited the accompanying financial report of Gowing Bros Limited ("the company"), which comprises the balance sheet as at 31 July 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration for both the company and the Gowing Bros Limited Group ("the consolidated entity") as set out on pages 23 to 50. The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

As permitted by the Corporations Regulations 2001, the company has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), required by Accounting Standard AASB 124: Related Party Disclosures, under the heading "remuneration report" in pages 15 to 18 of the directors' report and not in the financial report. We have audited these remuneration disclosures.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors of the company are also responsible for the remuneration disclosures contained in the directors' report.

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. Our responsibility is to also express an opinion on the remuneration disclosures contained in the directors' report based on our audit.

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

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, provided to the directors of Gowing Bros Limited on 4 October 2007 would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's opinion on the financial report

In our opinion:

(a) the financial report of Gowing Bros Limited is in accordance with 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 2007 and of their performance for the year ended on that date; and

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

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Auditor's opinion on the AASB 124 disclosures contained in the directors' report

In our opinion the remuneration disclosures that are contained in pages 15 to 18 of the directors' report comply with Accounting Standard AASB 124.

B. V. Rose
Partner

HLB Mann Judd

HLB MANN JUDD
(NSW Partnership)
Chartered Accountants

Sydney

10 October 2007

ISSUES TO SHAREHOLDERS SINCE 19 SEPTEMBER 1985

DATE	PARTICULARS	ISSUED FROM	ISSUE PRICE $
31/10/85	Bonus issue in lieu	Asset Revaluation reserve	
30/4/86	Bonus issue in lieu	Asset Revaluation reserve	
31/10/86	Bonus issue in lieu	Asset Revaluation reserve	
16/3/87	1 for 2 Bonus issue	Asset Revaluation reserve	
30/4/87	Bonus issue in lieu	Asset Revaluation reserve	
30/4/88	Dividend Re-investment	Accumulated profits	2.50
31/10/88	Dividend Re-investment	Accumulated profits	3.70
30/4/89	Dividend Re-investment	Accumulated profits	3.75
30/4/89	Special Scrip dividend	Accumulated profits	
16/11/89	Dividend Re-investment	Accumulated profits	4.35
31/10/90	1 for 10 Bonus issue	Share Premium – Special Dividend Reserve	
31/10/91	1 for 20 Bonus issue	Share Premium Reserve	
30/4/92	Dividend Re-investment	Accumulated profits	3.75
31/10/92	Dividend Re-investment	Accumulated profits	3.80
29/10/93	Dividend Re-investment	Accumulated profits	3.60
29/4/94	Dividend Re-investment	Accumulated profits	3.50
28/4/95	Dividend Re-investment	Accumulated profits	2.60
28/4/95	Bonus in Lieu Share Plan	Share Premium Reserve	
3/10/95	1 for 10 Bonus issue	Share Premium Reserve	
31/10/95	Dividend Re-investment	Accumulated profits	3.00
31/10/95	Bonus in Lieu Share Plan	Share Premium Reserve	
26/4/96	Dividend Re-investment	Accumulated profits	2.90
26/4/96	Bonus in Lieu Share Plan	Share Premium Reserve	
30/10/96	Dividend Re-investment	Accumulated profits	3.10
30/10/96	Bonus in Lieu Share Plan	Share Premium Reserve	
25/4/97	Dividend Re-investment	Accumulated profits	4.50
25/4/97	Bonus in Lieu Share Plan	Share Premium Reserve	
15/5/97	2 for 1 Share Split		
31/10/97	Dividend Re-investment	Accumulated profits	2.60
31/10/97	Bonus in Lieu Share Plan	Share Premium Reserve	
30/4/98	Dividend Re-investment	Accumulated profits	2.35
30/4/98	Bonus in Lieu Share Plan	Share Premium Reserve	
3/11/98	Dividend Re-investment	Accumulated profits	2.10
3/11/98	Bonus in Lieu Share Plan		
28/4/99	Dividend Re-investment	Accumulated profits	1.90
28/4/99	Bonus in Lieu Share Plan		
18/11/99	Dividend Re-investment	Accumulated profits	1.95
18/11/99	Bonus in Lieu Share Plan		
28/4/00	Dividend Re-investment	Accumulated profits	1.95
28/4/00	Bonus in Lieu Share Plan		
27/10/00	Dividend Re-investment	Accumulated profits	1.80
27/4/01	Dividend Re-investment	Accumulated profits	2.36
19/10/01	Dividend Re-investment	Accumulated profits	1.95
18/12/01	In Specie Distribution	G Retail Ltd shares issued on listing	
22/4/02	Dividend Re-investment	Accumulated profits	1.90
25/10/02	Dividend Re-investment	Accumulated profits	1.80
18/12/02	Dividend Re-investment	Accumulated profits	1.95
24/4/03	Dividend Re-investment	Accumulated profits	1.90
24/10/03	Dividend Re-investment	Accumulated profits	2.40
24/10/03	Bonus in Lieu Share Plan		
23/4/04	Dividend Re-investment	Accumulated profits	2.40
23/4/04	Bonus in Lieu Share Plan		
25/10/04	Dividend Re-investment	Accumulated profits	2.55
22/4/05	Dividend Re-investment	Accumulated profits	2.70
22/4/05	Bonus in Lieu Share Plan		

NOTES PAGE