GOWINGS
Est. 1868

ACN 000 010 471

140th ANNUAL REPORT

31 July 2008

INVESTING TOGETHER FOR A SECURE FUTURE

CORPORATE DIRECTORY

DIRECTORS

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

SECRETARYS

J. S. Byers
G.J. Grundy

STOCK EXCHANGE LISTING

The Australian Stock Exchange
Ticker Code: GOW

REGISTERED OFFICE

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Pyrmont NSW 2009
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Fax: 61 2 9264 6240
Email: info@gowings.com

SHARE REGISTRY OFFICE

Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2000
Phone: 1300 855 080
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AUDITORS

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

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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 audit 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 57% 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 2008.

A DIFFICULT YEAR AFTER FOUR STRONG YEARS

Gowings' net assets per share declined by 14.6% to $3.82 for the year ending 31 July 2008 after allowing for 20c in dividends paid (refer shareholder return table on page 4).

The decline in asset value reflects the overall fall in listed global equity markets and a number of one-off revaluations to specific investments.

Whilst the result was very disappointing for us, especially following the strong returns made over the past 4 years, it is a reflection of the current investment environment which has been described by some commentators as being the most challenging since the Great Depression.

Our **listed equity portfolio** posted positive returns in the resource, energy, agribusiness and internet sectors with financials, industrial and consumer discretionary stocks posting losses. Our best investment decisions during the year were actually the investments we didn't make and the holdings we sold.

Our **managed private equity** investments posted a net positive return even after managers made significant devaluations at year end to reflect the lower valuation multiples being paid in the market for unlisted companies.

Our **property investments** posted mixed returns but currently represent just 1% of the portfolio.

Our **cash** holdings have increased significantly during the year to 31% of the portfolio reflecting our desire to protect capital and our ongoing cautious outlook.

5c FINAL DIVIDEND DECLARED

A 5c final dividend has been declared (2007: 5c) with the record date being 10 October 2008 to be paid on 24 October 2008.

The dividend will be a fully franked "LIC" dividend carrying the associated taxation advantages as advised on your dividend statement.

OUTLOOK

The current global investment environment remains extremely uncertain across all asset classes.

Whilst the world's central banks and governments continue their fight to restore order and confidence in global financial markets, there remains significant uncertainty in other areas, such as derivatives, which are yet to be fully addressed.

Both developed and developing economies are seeing a real-world slowdown as confidence levels plunge, unemployment increases and personal wealth falls. Even the Chinese engine room of global growth has slowed and is starting to face its own issues with falling property prices and reduced exports.

The current events have been described as unprecedented and indeed many have made comparison to circumstances surrounding the Great Depression. Whilst we do not believe that the current events will result in a depression, economic activity and growth will certainly slow over the coming years.

Australia remains well placed to weather the storm with its low unemployment rate, easing monetary policy and government fiscal stimulus measures. Our housing market correction is more advanced than other developing countries having started 4 years ago. Our corporate balance sheets are stronger and our portfolio companies should continue to pay solid dividends.

We remain cautious in our outlook and maintain an ongoing focus on capital preservation and increasing recurring income.

John Gowing
Managing Director

20 October 2008

SUMMARY FINANCIAL RESULTS Year ended 31 July 2008

NET ASSETS PER SHARE

	2008	2007
Net assets at market value	$162,428,000	$201,088,000
Provision for tax on unrealised gains	($5,212,000)	($18,812,000)
Net assets after provision for tax on unrealised gains	157,216,000	182,276,000
Shares outstanding	42,513,419	42,686,065
Net assets per share	$3.82	$4.71
Net assets per share after provision for tax on unrealised gains	$3.70	$4.27

INCOME STATEMENT

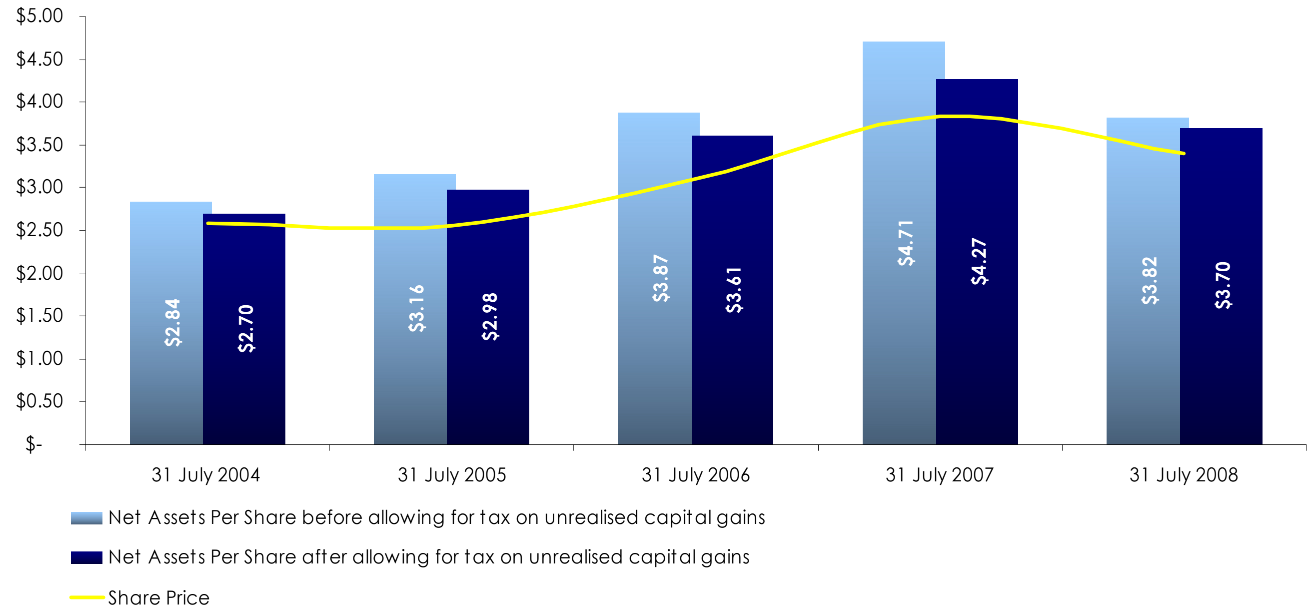
	2008 $'000	2007 $'000
Recurring Income		
- Interest income	3,497	2,599
- Listed equities income	4,608	4,655
- Private equities income	479	185
- Investment property income	571	386
- Operating expenses	(2,354)	(2,249)
- Interest expense	(990)	(973)
Total recurring income	5,811	4,603
Realised capital gains		
- Listed equities	13,154	5,829
- Private equities	1,868	5,139
- Investment properties	2,353	176
- Development properties	74	167
- Other	4	165
Unrealised capital gains		
- Private equity	(1,377)	1,409
- Property	(3,124)	2,611
Net profit before tax	18,763	20,099
Income tax (expense) credit	(3,061)	(4,763)
Minority interest	-	-
Net profit after tax	15,702	15,336

DIVIDENDS

	2008 CENTS PER SHARE	2007 CENTS PER SHARE	PAYMENT DATE	FRANKING
Final dividend declared* (record date 10/10/08)	5.0c		24/10/08	100%
Special dividend paid*	5.0c		24/04/08	100%
Interim dividend paid*	5.0c		24/04/08	100%
Final dividend paid*		5.0c	25/10/07	100%
Special dividend paid*		5.0c	25/10/07	100%
Interim dividend paid		5.0c	24/04/07	100%
Total	15c	15c		

* Fully franked LIC capital gains dividend

5 YEAR MOVEMENT IN NET ASSETS PER SHARE (excluding dividends paid)



SHAREHOLDER RETURNS

For the year ending	31 July 2008	31 July 2007	31 July 2006
	Per Share	Per Share	Per Share
Opening net assets *	**$4.71**	$3.87	$3.16
Closing net assets *	**$3.82**	$4.71	$3.87
(Decrease) / increase	**($0.89)**	$0.84	$0.71
+ Ordinary dividends paid	**$0.10**	$0.10	$0.07
+ Special dividends paid	**$0.10**	-	$0.03
Total return	**($0.69)**	$0.94	$0.81
Total return %	**(14.6%)**	**24.3%**	**25.6%**

** Before allowing for tax on unrealised gains*

Portfolio

	2008		2007	
	$'000	%	$'000	%
Cash and fixed interest	51,839	31%	12,154	6%
Private equity investments	19,036	11%	18,893	9%
Listed equity investments	90,842	57%	160,242	80%
Investment and development property	2,049	1%	10,778	5%
Other	(1,338)	0%	(979)	0%
Net assets before providing for tax on unrealised gains	162,428	100%	201,088	100%
Net assets per share before providing for tax on unrealised gains	$3.82		$4.71	
Net assets after providing for tax on unrealised gains	157,216		182,276	
Net assets per share after providing for tax on unrealised gains	$3.70		$4.27	

Private Equities

	Country	2008 Manager's Valuation
		$'000
Macquarie Whole Sale Co-Investment Fund	AUS / NZ	4,564
ANZ Business Equity Fund	AUS / NZ	5,000
Crescent Capital Partners II Limited Partnership	AUS / NZ	2,282
AMP PEFIIIA	AUS	721
AMP PEFIIIB	AUS	721
Macquarie European Infrastructure Fund	Europe	3,053
Everest Babcock & Brown Opportunity Fund	Global	2,091
Crescent Capital Partners Limited	AUS	350
Innovation Capital Limited	AUS	120
Surf Hardware	AUS	112
Mitre 10 Pty Limited Trading	AUS	22
Total		19,036

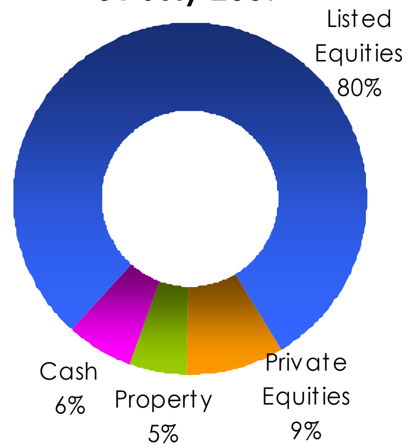
Listed Equities

	Country	2007 Number Held	2008 Number Held	2008 Market Value
		'000	'000	$'000
BHP Billiton	AUS	469	400	15,884
Woodside Petroleum	AUS	130	150	8,070
Rio Tinto	AUS	72	50	6,270
Westpac Banking Corp	AUS	389	200	4,310
Bunge	USA	-	40	4,194
Westpac Banking Corp SPS	AUS	-	40	4,010
Blackmores	AUS	207	207	3,712
Woolworths	AUS	180	130	3,276
Carlton Investments	AUS	189	171	2,696
Australian Stock Exchange	AUS	112	76	2,647
Alesco Corporation	AUS	360	400	2,616
Floating Rate Notes	AUS	50	50	2,500
National Australia Bank	AUS	100	100	2,470
Harvey Norman	AUS	450	570	1,853
Seek	AUS	100	360	1,800
BNB Power	AUS	-	2,390	1,649
BNB Wind	AUS	-	965	1,563
News Corp	AUS	68	92	1,466
St George Bank	AUS	115	50	1,385
Aspen	AUS	1,092	1,065	1,374
Hexima	AUS	-	1,869	1,308
Apple	USA	2	6	1,095
Deere & Co	USA	3	14	1,012
Companhia Vale do Rio Doce	BRA	-	31	987
India Equities Fund	AUS	2,000	1,774	976
Industria de Diseno Textil	ESP	-	16	821
Cisco	USA	-	33	769
AMP China Growth Fund	AUS	1,600	769	769
Archer Daniels Midland	USA	13	25	759
BNB Infrastructure	AUS	-	840	756
Textron	USA	4	15	691
ARB Corporation	AUS	500	190	685

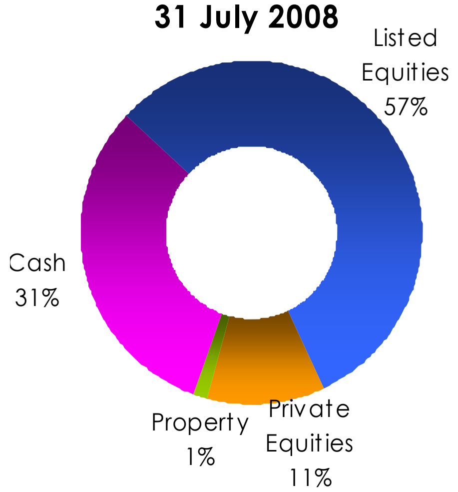
	Country	2007 Number Held	2008 Number Held	2008 Market Value
		'000	'000	$'000
Souls Private Equity	AUS	5,000	4,235	656
Veolia Environnement	FRA	-	11	648
SAP	DEU	-	9	585
ANZ Banking Group	AUS	209	34	559
Siemens	DEU	-	4	521
Leighton Holdings	AUS	-	12	510
Nokia	FIN	-	14	408
eBay	USA	-	15	400
Delegats	NZL	-	220	359
Hills Industries	AUS	525	105	352
GLG Corp	AUS	850	831	274
Flexigroup	AUS	-	600	270
Noni B	AUS	400	151	250
QRXpharma	AUS	150	400	240
Babcock & Brown	AUS	36	27	177
Australian Agricultural Co.	AUS	300	52	146
Qantas Airways	AUS	-	34	114
Total				**90,842**

PORTFOLIO REVIEW

31 July 2007



31 July 2008



1. Cash 31% ($51m)

Gowings' cash position increased significantly to 31% of our portfolio from 6% in the prior year.

Our large cash position keeps us well placed to weather further market uncertainty and to take advantage of opportunities as they arise.

2. Property Investments 1% ($2m net of debt)

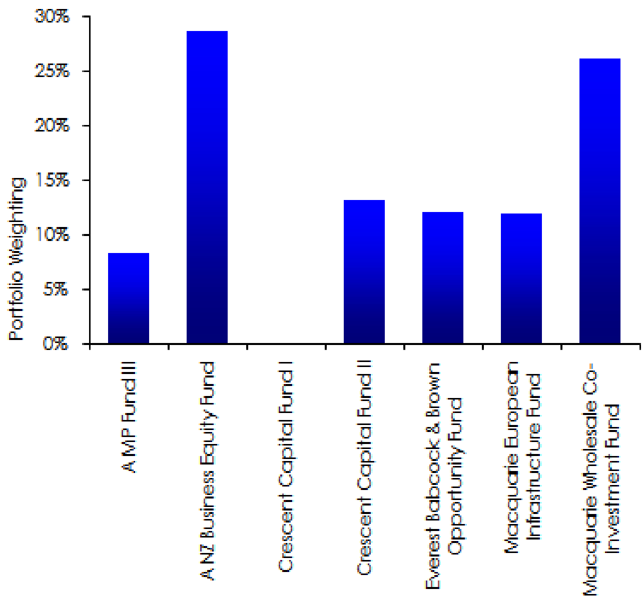
Direct property investments have become a small portion of our portfolio in line with the current asset cycle. Whilst property investment opportunities are becoming better priced, it is our belief that the market has further to fall in the current high interest rate and uncertain economic environment.

Property delivered mixed results during the year as follows:

- Sale of the "Kemp Street" residential property subdivision to our joint venture partner for $575k after having been acquired for $450k in August 2007.
- Pre-sales of 60% of stage 1 achieved for the Yarrawonga Industrial Estate in Darwin with construction continuing to progress on time and budget.
- Sale of the Dundee recreational tourist park to Aspen Group Limited for $5 million. Dundee was acquired for $3.75 million and sold a year later after a DA for a park upgrade was successfully obtained.
- Sale of the Leichardt retail complex in which we held a 50% interest to GPT Group Limited for $14.4 million equating to a sub 6% yield.
- Writedown of the Bowral regional retail complex in line with a fall in property price valuations. Property valuations have fallen significantly during the year following further interest rate increases and the repricing of risk. Bowral is now fully leased and returning an attractive 9% yield per annum.

3. Private Equity 11% ($19m)

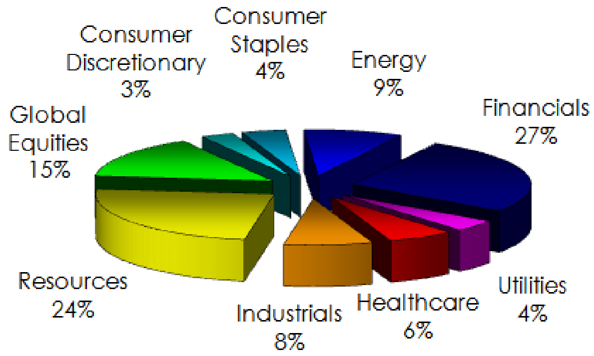
As at reporting date, there was approximately $19 million invested across 5 different managers as follows:



Managed private equity posted a net positive return during the year with the following mixed highlights from our managers:

- AMP Capital sold a drug distribution business and returned 2.8x our money (proceeds of $527k).
- AMP Capital floated the mining services business Runge and returned 2.2x our money (proceeds of $253k).
- AMP Capital sold the water business Total Eden to Alesco and returned 6x our money (proceeds of $1.1 million).
- Crescent Capital sold the plastics business Dotmar and returned 2.7x our money (proceeds of $900k).
- Crescent also distributed $200,000 in performance fees received from our earn-out agreement with the manager.
- Sale of our interests in Crescent Capital Fund I.
- Several of our managers conservatively wrote down their portfolio valuations at year end in line with the re-pricing of risk.

4. Listed Equities 57% ($91m)



Financial crises in global markets and the re-pricing of risk saw extreme volatility throughout global stock markets.

Our portfolio was not immune with several stocks suffering heavy share price falls. It is quite amazing to see some banks' share prices fall to levels not seen since before the current bull market began. That is, the entire gains of the past 5 years were wiped out during the current year.

In line with our focus on protecting capital, the company steadily sold down equities throughout the year which assisted to minimise losses and avoid several meltdowns.

Our best and worst performing stocks during the year were as follows;

Top 10 Best	**Return**	**Top 10 Worst**	**Return**
RIO Tinto	36%	Flexigroup	-31%
Woodside Petroleum	28%	Hills Industries	-35%
Vale (USA)	25%	Aspen Group	-40%
SAP (EUR)	15%	Alesco	-44%
BHP Billiton	9%	Hexima	-44%
Apple (USA)	9%	Babcock & Brown	-48%
Deere & Co (USA)	6%	GLG Corp	-53%
Bunge (USA)	4%	BNB Power	-54%
Leighton Holdings	3%	Noni B	-55%
AA & Co	-5%	QRX Pharma	-67%

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 — Non-executive Director & 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 growth of the company under the direction of Ted Gowing and John Gowing over the past 36 years.

Tony is a senior lawyer with Pigott Stinson, a long established Sydney law firm. Tony has practised corporate law in Sydney for 41 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 140 years. John's business and investment skills were developed at 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 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 fund Manager at Pengana Capital, a diversified funds management business focused on alternative investment strategies.

John brings considerable experience to the board with over twenty seven years in equities research and funds management in Sydney, London and South Africa.

EXECUTIVE MANAGEMENT

Stephen Byers — Company Secretary & 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 eleven years at both a strategic and operational level. Stephen has been instrumental in developing the company's property development activities. Stephen also provides in-house legal counsel for the company and has previously practised in commercial and property law.

Garth Grundy — Company Secretary & Executive Officer

Bachelor of Commerce, CA, F Fin
Shareholding: 35,135 shares

Garth has 16 years of investment and corporate finance experience gained from his past employment with Arthur Andersen / Ernst Young, Coyne Capital and Hindal Corporate.

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 2008.

Consolidated results

	2008	2007
	$'000	$'000
Operating profit for the year before income tax	18,763	20,099
Income tax (expense) credit	(3,061)	(4,763)
Net profit after income tax	15,702	15,336
Net profit attributable to minority interests	-	-
Net profit attributable to members of Gowing Bros. Ltd	15,702	15,336

Dividends

A final fully franked LIC capital gains tax dividend of 5 cents per share is payable to shareholders on 24 October 2008.	$2,125,670
An interim fully franked LIC capital gains tax dividend of 5 cents per share was paid to shareholders on 25 April 2008.	$2,126,158
A special fully franked LIC capital gains tax dividend of 5 cents per share was paid to shareholders on 25 April 2008.	$2,126,158
A final fully franked LIC capital gains tax dividend of 5 cents per share was paid to shareholders on 25 October 2007 in accordance with last year's annual report.	$2,134,303
A special fully franked LIC capital gains tax dividend of 5 cents per share was paid to shareholders on 25 October 2007 in accordance with last year's annual report.	$2,134,303

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 8.

Environment
The consolidated entity 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 consolidated entity is investment and wealth management. The consolidated entity 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 or the consolidated entity this financial year.

Matters subsequent to the end of the financial year

Financial market volatility
Currently, the market is very volatile with significant swings up or down on almost a daily basis. This makes the selection of a representative day extremely difficult and this could cause misleading information to be provided. The next quarter announcement due in respect of the October 2008 quarter will provide a more relevant picture of the group's financial position.

Lehman Brothers bankruptcy
Subsequent to year end, Lehman Brothers Holdings Inc filed for bankruptcy.
Gowings is the holder of a Collateralised Debt Obligation under which Lehman is the counterparty. The effect of the bankruptcy constitutes a counter party default by Lehman and accordingly, Gowings has called for the collateral assets to be sold by the administrator and be returned to Gowings as the note holder.

Gowings paid $2.5 million for the notes which carry a face value of $5 million (50c in the dollar). It is unclear as to the quantum of proceeds that will be received, which could be between $0 and $5 million. These notes were recorded in the accounts at year end at a cost of $2.5 million.

Matters subsequent to the end of the financial year (continued)

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 8.

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: - 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	8	8	3	3
J. E. Gowing	8	8	-	-
J. G. Parker	8	8	3	3

Remuneration report
The company's remuneration report, which forms a part of the Directors' Report, is on pages 14 to 17.

Corporate governance
A statement describing the company's main corporate governance practices is on pages 18 and 19.

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 NSW Partnership) 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 APES110 Code of Ethics for Professional Accountants, 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	
	2008 $	2007 $
1. Audit services		
Audit and review of financial reports and other audit work under the *Corporations Act 2001*	63,200	67,700
2. Taxation services		
Tax compliance services, including review of company income tax returns	16,355	11,450
3. Advisory services		
General advisory services	4,200	11,000

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
20 October 2008

REMUNERATION REPORT

The remuneration report is set out under the following main headings:

Principles used to determine the nature and amount of remuneration
Details of remuneration
Service agreements
Share-based compensation
Additional information

The information provided in this remuneration report has been audited as required by section 308(3C) of the Corporations Act 2001.

Principles used to determine the nature and amount of 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 executives fairly and appropriately with reference to relevant employment market conditions and the nature of company operations.

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.

Non-executive directors
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.

Persons who were non-executive directors of the company for all of the financial year ended 31 July 2008 were:

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

Directors' fees
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.

Executive
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 2008 were:

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

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.

REMUNERATION REPORT (CONTINUED)

Details of remuneration

Amounts of remuneration

Details of the remuneration of the directors and the key management personnel are set out in the following tables

2008	SHORT TERM EMPLOYEE BENEFITS			POST-EMPLOYMENT BENEFITS	LONG TERM BENEFITS	TOTAL
Name	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Super-annuation $	Long service leave $	$
Non-executive directors						
W.A. Salier (Chairman)	48,000	-	-	12,000	-	60,000
J. G. Parker	-	-	-	40,000	-	40,000
Sub-total Non-executive directors	48,000	-	-	52,000	-	100,000
Executive directors						
J.E. Gowing	210,337	150,000	45,687	18,387	18,470	442,881
Other key management personnel						
J.S Byers	174,357	120,000	42,331	15,688	3,252	355,628
G.J. Grundy	181,916	130,000	-	16,431	-	328,347
Total key management personnel compensation	614,610	400,000	88,018	102,506	21,722	1,226,856

2007	SHORT TERM EMPLOYEE BENEFITS			POST-EMPLOYMENT BENEFITS	LONG TERM BENEFITS	TOTAL
Name	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Super-annuation $	Long service leave $	$
Non-executive directors						
W.A. Salier (Chairman)	-	-	-	58,889	-	58,889
J. G. Parker	40,000	-	-	-	-	40,000
Sub-total Non-executive directors	40,000	-	-	58,889	-	98,889
Executive directors						
J.E. Gowing	189,935	150,000	49,718	16,386	3,387	409,426
Other key management personnel						
J.S Byers	169,179	120,000	39,454	15,516	3,719	347,868
G.J. Grundy	164,285	80,000	-	14,174	-	258,459
Total key management personnel compensation	563,399	350,000	89,172	104,965	7,106	1,114,642

REMUNERATION REPORT (CONTINUED)

Details of remuneration (continued)

The relative proportion of remuneration that are linked to performance and those that are fixed are as follows:

NAME	FIXED REMUNERATION		AT RISK	
	2008	2007	2008	2007
Executive directors				
J.E. Gowing	65	63	35	37
Other key management Personnel				
J.S. Byers	66	66	34	34
G.J Grundy	60	69	40	31

All performance based remuneration is discretionary and determined on current year and long term performance of the company.

Service agreements
There are no service agreements in place with W.A. Salier (non executive director), J.G. Parker (non-executive director), J.E. Gowing (managing director) and J.S. Byers (company secretary and executive officer).

The company has entered into a service agreement with G.J. Grundy (company secretary and executive officer)

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 major provisions relating to remuneration are set out below.

J.E. Gowing, *Managing Director*
- Term – indefinite.
- Base salary, inclusive of superannuation, as at 31 July 2008 of $240,000, 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 2008 of $49,075.
- No termination benefit is payable.

J.S. Byers, *Executive Officer –Company Secretary*
- Term – indefinite.
- Base salary, inclusive of superannuation, as at 31 July 2008 of $205,901, 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 2008 of $46,051.
- No termination benefit is payable.

G.J. Grundy
- Term – indefinite.
- Base salary, inclusive of superannuation, as at 31 July 2008 of $205,901, to be reviewed annually by the managing director.
- Other benefits and non-monetary benefits included motor vehicle allowance for the year ended 31 July 2008 of $12,075.
- No termination benefit is payable.

REMUNERATION REPORT (CONTINUED)

Share-based compensation
No share based compensation is currently offered by the company.

Additional Information
Employee Share & Option Scheme
The scheme is not operational and no shares or options were issued under this scheme during the year.

Deferred Share Plan Scheme
Under this scheme cash bonuses awarded to employees may be used to purchase shares previously acquired by the company as part of its on market buy back at the price paid by the company.

G.J. Grundy utilised this scheme in relation to the bonus paid during the current year.

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

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 2008 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 2.4 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 11.

The company currently has two non-executive directors and one executive director being the managing director, Mr John Gowing. Both non-executive directors meet the independence requirement of the ASX Listing Rules on corporate governance.

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	34 years
John Parker	7 years
John Gowing	26 years

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 14 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 30 September 2008

Range of shares	No of shareholders
1- 1,000 Shares	331
1,001-5,000 Shares	591
5,001-10,000 Shares	215
10,001-100,000 Shares	251
Over 100,000 Shares	36
Total Shareholders	1,424

The number of shareholdings held in less than marketable parcels is 78.

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

3. Substantial shareholders at 30 September 2008
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	2,756,310	Ordinary Shares

4. Top twenty equity security holders at 30 September 2008
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	13.91
2.	Warwick Pty Ltd	4,809,952	11.31
3.	Carlton Hotel Ltd	4,273,768	10.05
4.	John Edward Gowing	3,117,179	7.33
5.	RBC Dexia Investor Services Australia Nominees Pty Ltd	2,756,310	6.48
6.	Woodside Pty Ltd	2,022,871	4.76
7.	Mollie Gowing	1,774,756	4.17
8.	Dandeloo Pty Ltd	1,178,614	2.77
9.	Appleby Pty Ltd	1,045,082	2.46
10.	T N Phillips Investments Pty Ltd	738,306	1.69
11.	Enbeear Pty Ltd	578,936	1.36
12.	Jean Kathleen Poole-Williamson	459,348	1.08
13.	Frederick Bruce Wareham	415,147	0.98
14.	J S Millner Holdings Pty Ltd	317,960	0.75
15.	Washington H Soul Pattinson & Company Ltd	277,736	0.65
16.	Citicorp Nominees Ltd	247,450	0.58
17.	National Nominees Ltd	243,891	0.57
18.	University of Sydney Union	215,641	0.51
19.	Cranley Holdings Pty Ltd	211,112	0.50
20.	J P Morgan Nominees Australia Ltd	201,962	0.48
Total		30,783,496	72.41
Total Issued Share Capital		42,513,419	

Number of shares bought back since year end: NIL.

5. Corporate governance practices
Gowing Bros. Limited corporate governance practices are described on pages 18 and 19.

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	Notes	CONSOLIDATED 2008 $'000	CONSOLIDATED 2007 $'000	PARENT ENTITY 2008 $'000	PARENT ENTITY 2007 $'000
Revenue					
Interest income		3,497	2,599	3,497	2,599
Listed equities		4,608	4,655	4,608	4,655
Private equities		479	185	479	185
Investment properties		769	723	769	534
Other revenue		-	38	-	3,895
Total revenue		9,353	8,200	9,353	11,868
Other income					
Gains (losses) on disposal or revaluation of:					
Listed equities		13,154	5,829	13,154	5,829
Private equities		491	6,548	491	6,548
Investment properties		1,479	2,787	1,479	817
Development properties		(2,176)	167	(2,176)	61
Other income		4	165	4	165
Total other income		12,952	15,496	12,952	13,420
Total revenue and other income		22,305	23,696	22,305	25,288
Expenses					
Investment property expenses		198	375	198	338
Administration expenses		231	296	231	258
Borrowing cost expenses		990	973	990	973
Depreciation expenses		68	61	68	61
Employee benefits expense		1,680	1,573	1,680	1,573
Public company expenses		375	319	375	319
Debt forgiveness – former subsidiaries		-	-	-	281
Total expenses		3,542	3,597	3,542	3,803
Profit from continuing operations before income tax expense	5	18,763	20,099	18,763	21,485
Income tax benefit (expense)	6	(3,061)	(4,763)	(3,061)	(4,763)
Profit from continuing operations		15,702	15,336	15,702	16,722
Net profit attributable to minority interest		-	-	-	-
Profit attributable to members of Gowing Bros. Limited	25	15,702	15,336	15,702	16,722
Basic earnings per share	35	36.79c	35.53c		
Diluted earnings per share	35	36.79c	35.53c		

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

BALANCE SHEETS

As at 31 July 2008

	Notes	CONSOLIDATED 2008 $'000	CONSOLIDATED 2007 $'000	PARENT ENTITY 2008 $'000	PARENT ENTITY 2007 $'000
Current assets					
Cash and cash equivalents	7	51,839	12,154	51,839	12,150
Investment properties	8	3,569	12,769	3,569	12,769
Trade and other receivables	9	4,397	2,221	4,397	2,970
Other	10	599	153	599	153
Total current assets		60,404	27,297	60,404	28,042
Non-current assets					
Receivables	11	431	167	431	167
Listed equities	12	90,842	160,242	90,842	160,242
Private equities	13	19,036	18,893	19,036	18,893
Development properties	14	2,156	872	2,156	872
Investment properties	15	6,745	7,979	6,745	7,979
Plant and equipment	16	3,300	3,101	3,300	3,101
Deferred tax assets	17	86	107	86	107
Other	18	404	117	404	117
Total non-current assets		123,000	191,478	123,000	191,478
Total assets		183,404	218,775	183,404	219,520
Current Liabilities					
Trade and other payables	19	927	679	927	1,424
Current tax liabilities	20	6,003	1,939	6,003	1,939
Total current liabilities		6,930	2,618	6,930	3,363
Non-current liabilities					
Payables		42	3	42	3
Borrowings	21	14,397	14,865	14,397	14,865
Provisions	22	115	92	115	92
Deferred tax liabilities	23	4,704	18,921	4,704	18,921
Total non-current liabilities		19,258	33,881	19,258	33,881
Total liabilities		26,188	36,499	26,188	37,244
Net assets		157,216	182,276	157,216	182,276
Equity					
Parent entity interest					
Contributed equity	24	(1,111)	(449)	(1,111)	(449)
Reserves	25	105,390	133,213	105,390	133,278
Retained profits	25	52,937	49,509	52,937	49,447
Total parent entity interest		157,216	182,273	157,216	182,276
Minority interest in controlled entities	26	-	3	-	-
Total equity		157,216	182,276	157,216	182,276

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

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 July 2008

	Notes	CONSOLIDATED 2008 $'000	CONSOLIDATED 2007 $'000	PARENT ENTITY 2008 $'000	PARENT ENTITY 2007 $'000
Total equity at the beginning of the financial year		182,276	158,235	182,276	156,849
Changes in the revaluation of listed equities, net of tax		(31,580)	17,083	(31,580)	17,083
Net income recognised directly in equity		(31,580)	17,083	(31,580)	17,083
Profit for the year		15,702	15,336	15,702	16,722
Total recognised income and expense for the year		(15,878)	32,419	(15,878)	33,805
Transactions with equity holders in their capacity as equity holders:					
Dividends provided for or paid	27	(8,520)	(4,321)	(8,520)	(4,321)
Decreases through buybacks of shares		(712)	(4,207)	(712)	(4,207)
Increase through issue of share capital		50	150	50	150
		(9,182)	(8,378)	(9,182)	(8,378)
Total equity at the end of the financial year		157,216	182,276	157,216	182,276

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

	Notes	CONSOLIDATED 2008 $'000	CONSOLIDATED 2007 $'000	PARENT ENTITY 2008 $'000	PARENT ENTITY 2007 $'000
Cash flows from operating activities					
Receipts from customers (inclusive of GST)		1,781	2,105	1,781	1,178
Payments to suppliers and employees (inclusive of GST)		(2,655)	(2,430)	(2,655)	(2,468)
Other receipts		-	300	-	383
Dividends received		4,007	3,913	4,007	4,636
Interest received		3,368	3,241	3,368	3,241
Borrowing costs		(990)	(973)	(990)	(983)
Income taxes (paid) refunded		(1,427)	323	(1,427)	290
Net cash inflows from operating activities	36	4,084	6,479	4,084	6,277
Cash flows from investing activities					
Payments for purchases of properties, plant and equipment		(268)	(1,627)	(268)	(1,627)
Payments for purchases of investment properties		-	(5,896)	-	(5,428)
Payments for purchases of development properties		(4,321)	(201)	(4,321)	(201)
Payments for financial assets		(63,778)	(58,155)	(63,778)	(58,155)
Proceeds from sale of financial assets		103,073	22,230	103,077	22,230
Proceeds from loan repayments		282	1,260	282	1,260
Proceeds from sale of property and other assets		10,263	486	10,263	290
Net cash (outflows) inflows from investing activities		45,251	(41,903)	45,255	(41,631)
Cash flows from Financing Activities					
Proceeds from borrowings		832	2,013	832	2,015
Payments for shares bought back		(663)	(4,056)	(663)	(4,056)
Repayment of borrowings		(1,300)	-	(1,300)	-
Dividends paid		(8,519)	(4,321)	(8,519)	(4,321)
Net cash (outflows) from financing activities		(9,650)	(6,364)	(9,650)	(6,362)
Net (decrease) increase in cash held		39,685	(41,788)	39,689	(41,716)
Cash at the beginning of the financial year		12,154	53,942	12,150	53,866
Cash at the end of the financial year	7	51,839	12,154	51,839	12,150

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 2008 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 32.

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 the 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) Listed equities

Dividend income is recognised when received. Revenue is recognised at trade date.

(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

Receivables comprise mainly of amounts due in relation to the sale of company investments with differing terms depending upon the type of asset being sold. Amounts due for the sale of listed equities are usually due three days after sale. Amounts due for the sale of properties are usually due on settlement unless the specific contract provides for extended terms.

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 32.

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 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 held with the view they are long term investments.

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.

(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.

(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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) New standards and interpretations not yet adopted
Certain new accounting standards and interpretations have been published that are not mandatory for 31 July 2008 reporting periods. The Group's and the parent entity's assessment of the impact of these new standards and interpretations is set out below.

(i) Revised AASB 3 Business Combinations

Revised AASB 3 Business Combinations is effective for annual reporting periods commencing on or after 1 January 2009. The company no longer has any controlled entities meaning that this new standard will have no effect on future financial reports.

(ii) AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8

AASB 8 and AASB 2007-3 are effective for annual reporting periods commencing on or after 1 January 2009. AASB 8 requires adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. Application of AASB 8 may result in different segments, segment results and types of information being reported in the segment note of the financial report. However, at this stage it is not expected to affect any of the amounts recognised in the financial statements.

(iii) Revised AASB 101 Presentation of Financial Statements. AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 and AASB 2007-10 Further Amendments to Australian Accounting Standards Arising from AASB 101

A revised AASB 101 is effective for annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income, and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. An income statement will no longer be required. The company intends to apply the revised standards from 1 August 2009, i.e. for 31 July 2010 financial statements.

(iv) Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 &12]

The revised AASB 123 is effective for annual reporting periods commencing on or after 1 January 2009. It has removed the option to expense all borrowing costs and when adopted will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of the company, as the Company already capitalises borrowing costs relating to qualifying assets.

(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 (including foreign exchange risk, price risk and interest rate risk) liquidity risk, and fair value estimation 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. The consolidated entity does not have a policy with regard to hedging currency risk. The consolidated entity has not hedged its foreign currency investments whereby the multiple currencies provide diversification benefits to the portfolio. The company monitors foreign currency movements daily and seeks various advice from foreign currency specialists as to potential courses of action that may protect or enhance the value of the company's investments.

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Foreign exchange risk (continued)

The consolidated entity exposure to foreign currency risk at the reporting date was as follows:

	31 July 2008			31 July 2007		
Currency Exposure in AUD	USD $'000	EUR $'000	NZD $'000	USD $'000	EUR $'000	NZD $'000
Listed Equities	9,907	2,983	359	1,734	1,536	333
Loan payable - secured	-	992	-	-	965	-

Based on the equities held at 31 July 2008, if the Australian dollar weakened/strengthen by 10% against the US dollar equities would have been $1,100,000 higher/$900,000 lower (2007: $193,000 higher/$158,000 lower). If the Australian dollar weakened/strengthen by 10% against the EUR equities would have been $331,000 higher/$271,148 lower (2007: $171,000 higher / $140,000 lower).

(ii) Price risk
The consolidated entity is exposed to asset 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. A general fall of 5% and 10%, if spread equally over the investment portfolio would lead to a reduction of $4,542,000 and $9,084,000 respectively.
The consolidated entity seeks to reduce market risk at the investment portfolio level by ensuring that it is not overly exposed to one company or one particular sector of the market. The relative weightings of the individual investments and the relevant market sectors are reviewed regularly and risk can be managed by reducing exposure where necessary. The consolidated entity does not have set parameters as to a minimum or maximum amount of the portfolio that can be invested in a single company or sector. The writing and purchasing of options provides some protection against a fall in market prices by both generating income to partially compensate for a fall in capital values and buying put protection to lock in asset prices.
(iii) 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. The consolidated entity is not currently materially exposed to interest rate risk. The consolidated entity has a bank bill of $10 million representing 6% of net assets. Interest rate risk has been hedged up until 28/02/2010 by fixing the margin at an interest rate of 7.14%.

As at the reporting date, the consolidated entity had the following variable rate borrowings:

	31 July 2008		31 July 2007	
	Weight average interest rate	Balance $'000	Weight average interest rate	Balance $'000
Borrowings	8.39%	4,397	7.12%	4,865

An analysis by maturities is provided below.

Credit risk
The consolidated entity has no exposure to trade receivables

Liquidity risk
The standard defines this as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. 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. The management monitors its cash flow requirements daily. Furthermore management monitors the level of contingent payments on a weekly basis by reference to know sales and purchases of securities, dividends and distributions to be paid or received.

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

Liquidity risk (continued)

Maturities of financial liabilities
The table below analyse the consolidated entity's financial liabilities into relevant maturity groupings based on the remaining period at the reporting sate to the contractual maturity date.

31 July 2008	Less than 1 year	Between 1-2 years	Between 2-5 years	Over 5 years	Total contractual cash flow	Carrying Amount (assets)/ liabilities
	$'000	$'000	$'000	$'000	$'000	$'000
Non-derivatives						
Non-interest bearing	969	-	-	-	969	(111,187)
Variable rate	2,600	805	992	-	4,397	(29,795)
Fixed rate	-	10,000	-	-	10,000	(10,197)
Total non-derivatives	3,569	10,805	992	-	15,366	(151,179)

31 July 2007	Less than 1 year	Between 1-2 years	Between 2-5 years	Over 5 years	Total contractual cash flow	Carrying Amount (assets)/ liabilities
	$'000	$'000	$'000	$'000	$'000	$'000
Non-derivatives						
Non-interest bearing	682	-	-	-	682	(175,837)
Variable rate	-	3,900	965	-	4,865	(5,009)
Fixed rate	-	-	10,000	-	10,000	2,716
Total non-derivatives	682	3,900	10,965	-	15,547	(178,130)

Fair Value estimation
The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. The fair value of listed equities is based on quoted market prices at the reporting date. The fair value of unlisted and private equity investments are determined using manager valuations adjusted for any performance fees in accordance with the AVCAL valuation guidelines. A variety of methods are used and assumptions are made based on market conditions existing at balance date. Property valuations are determined with reference to comparable property sales, interest rates, rental yields, lease profile and external market appraisals.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Gowing Bros. Limited uses information provided by fund managers and external market appraisals to fair value private equity and property.

Private equities are based on external manager valuations, which are then reviewed for reasonableness and validity of assumptions. The review considers 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.
Preparation of valuations is in accordance with the Australian Venture Capital Association (AVCAL) valuation guidelines. The impact on private equities at 31 July 2008 was a loss of $1,377,000 (2007: a gain of $1,409,000) in the income statement. Private equities are recorded at fair value in the balance sheet as follows at 31 July 2008: $19,036,000 (2007: $18,893,000).

Investment property valuations are based on external valuations and appraisals, which are then reviewed for reasonableness and validity of assumptions. Management's estimate of their fair value incorporating discounted future cash flows, and recent sales of comparable properties. The impact on the income statement relating to the revaluation of investment properties was a loss of $3,124,000 during 2008 (2007: $2,611,000).

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 2008 $'000	CONSOLIDATED 2007 $'000
Segment revenue		
Cash and fixed interest – interest received	3,497	2,599
Listed equities – dividends and option income	4,608	4,655
Private equities – distributions received	479	185
Investment properties – rent received	769	723
Other	-	38
	9,353	8,200
Segment other income		
Listed equities – realised gains on disposal	13,154	5,829
Private equities – realised gains on disposal	1,868	5,139
Private equities – unrealised fair value (losses)	(1,377)	1,409
Investment properties – realised gains on disposal	2,353	176
Investment properties – unrealised fair value (losses)	(874)	2,611
Development properties – realised gains on disposal	74	167
Development properties – unrealised fair value (losses)	(2,250)	-
Other	4	165
	12,952	15,496
Total segment revenue and other income	22,305	23,696
Segment result		
Cash and fixed interest	3,497	2,599
Listed equities	17,762	10,484
Private equities	970	6,733
Investment properties	2,050	3,135
Development properties	(2,176)	167
Other	(3,340)	(3,019)
	18,763	20,099
Income tax (expense) credit	(3,061)	(4,763)
Net profit	15,702	15,336

4. SEGMENT INFORMATION (CONTINUED)

	CONSOLIDATED 2008 $'000	CONSOLIDATED 2007 $'000
Segment assets		
Cash and fixed interest	51,839	12,154
Listed equities	90,842	160,242
Private equities	19,036	18,893
Investment properties	12,501	22,554
Development properties	2,583	997
Unallocated assets	6,603	3,935
Total assets	183,404	218,775
Segment liabilities		
Private equities	992	965
Investment properties	12,607	13,900
Development properties	848	4
Unallocated liabilities	11,741	21,630
Total liabilities	26,188	36,499
Acquisition of:		
- Investment properties	-	8,490
- Development properties	4,063	201
- Listed equities	58,146	46,136
- Private equities	5,210	8,577
Gains (losses) on disposal or revaluation of:		
- Investment properties	1,479	2,787
- Development properties	(2,250)	-
- Listed equities	13,154	5,829
- Private equities	491	6,548
Unallocated:		
- Depreciation	68	61
- Acquisition of property, plant and equipment	266	1,627

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 2008 $'000	CONSOLIDATED 2007 $'000	PARENT ENTITY 2008 $'000	PARENT ENTITY 2007 $'000
Profit from continuing operations before income tax expense includes the following specific items:				
Gains				
Private equity investment distributions	479	180	479	180
Expenses				
Interest paid	990	738	990	738

	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
6. INCOME TAX EXPENSE				
Income tax expense (credit)				
Current tax	5,611	2,248	5,611	2,248
Deferred tax	(2,430)	2,554	(2,430)	2,554
Under (over) provided in prior years	(120)	(39)	(120)	(39)
	3,061	4,763	3,061	4,763
Income tax expense (credit) attributable to:				
Profit from continuing operations	3,061	4,763	3,061	4,763
Profit from discontinued operations	-	-	-	-
Aggregate income tax expense (credit)	3,061	4,763	3,061	4,763
Numerical reconciliation of income tax expense to prima facie tax payable				
Profit from continuing operations before income tax expense	18,763	20,099	18,763	21,485
Tax at the Australian tax rate of 30% (2007 – 30%)	5,629	6,030	5,629	6,445
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:				
Non-assessable income	(1,176)	(206)	(1,176)	(206)
Non-deductible expenses	1	569	1	569
Other minor differences	(107)	-	(107)	-
Franked dividends	(1,166)	(1,153)	(1,166)	(1,260)
Dividends received from and debt forgiveness to controlled entities	-	-	-	(308)
Utilisation of tax losses brought forward	-	(438)	-	(438)
Under (over) provision in prior year	(120)	(39)	(120)	(39)
Income tax expense (credit)	3,061	4,763	3,061	4,763
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	(11,766)	5,776	(11,766)	5,776
7. CASH AND CASH EQUIVALENTS				
Cash at bank and on hand	8,683	82	8,683	77
Deposits at call	43,156	12,072	43,156	12,073
	51,839	12,154	51,839	12,150

The deposits at call bear floating interest rates of up to 7.9% (2007: 6.15%).

8. INVESTMENT PROPERTIES (CURRENT)				
Land and buildings – at fair value	3,569	12,769	3,569	12,769
Movements				
Balance at beginning of year	12,769	650	12,769	650
Net gain (loss) from fair value adjustment	577	-	577	-
Sale of properties	(6,117)	-	(6,117)	-
Transferred to non-current (note 15)	(4,365)	-	(4,365)	-
Transferred from non-current (note 15)	705	12,119	705	12,119
Balance at end of year	3,569	12,769	3,569	12,769

	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
9. TRADE AND OTHER RECEIVABLES				
Trade debtors	1,784	-	1,784	-
Less: Provision for doubtful debts	-	-	-	-
	1,784	-	1,784	-
Other debtors (secured)	2,200	1,900	2,200	1,900
Other debtors (unsecured)	413	321	413	1,070
	4,397	2,221	4,397	2,970

Trade debtors are made up of outstanding settlements of shares sold prior to year end. All amounts were received within the prescribed terms.
The secured other debtors are deferred settlements on the sale of properties.

10. OTHER CURRENT ASSETS

Prepayments	178	153	178	153
Options – at fair value	421	-	421	-
	599	153	599	153

11. RECEIVABLES (NON-CURRENT)

Loans to directors, director related entities and executives	15	26	15	26
Other loans	416	141	416	141
	431	167	431	167

Information relating to directors and executives loans is set out in note 31.
Other loans include a property development loan charged at commercial rates.
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 2.

12. LISTED EQUITIES

At the beginning of the year	160,242	97,553	160,242	97,553
Revaluation to fair value	(43,342)	22,859	(43,342)	22,859
Additions	58,146	44,578	58,146	44,578
Disposals (sale and redemption)	(84,204)	(4,748)	(84,204)	(4,748)
At end of year	90,842	160,242	90,842	160,242

13. PRIVATE EQUITIES

At the beginning of the year	18,893	10,590	18,893	10,592
Revaluation to fair value	(1,377)	6,548	(1,377)	6,548
Additions	5,210	8,576	5,210	8,576
Disposals (sale and redemption)	(3,690)	(6,821)	(3,690)	(6,823)
At end of year	19,036	18,893	19,036	18,893

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.

	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000

14. DEVELOPMENT PROPERTIES

	2008	2007	2008	2007
Development properties	2,156	872	2,156	872

15. INVESTMENT PROPERTIES (NON-CURRENT)

	2008	2007	2008	2007
Land and buildings – at fair value	6,745	7,979	6,745	7,979
At fair value				
Balance at beginning of year	7,979	13,137	7,979	6,383
Acquisition of properties	3	5,896	3	5,428
Net gain (loss) from fair value adjustment	(1,403)	2,611	(1,403)	641
Sale of properties	(3,494)	(1,546)	(3,494)	(2,329)
Transfer from de-registered subsidiaries	-	-	-	9,975
Transfer to current (note 8)	(705)	(12,119)	(705)	(12,119)
Transfer from current (note 8)	4,365		4,365	
Balance at end of year	6,745	7,979	6,745	7,979
Amounts recognised in profit and loss for investment properties				
Rental revenue	769	723	769	534
Direct operating expenses from rental generating properties	(198)	(375)	(198)	(338)
	571	348	571	196

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 2008 revaluations were determined by directors using internal and external information (Note 3).

16. PLANT AND EQUIPMENT

	2008	2007	2008	2007
At cost	3,470	3,204	3,470	3,204
Less: Accumulated depreciation	(170)	(103)	(170)	(103)
	3,300	3,101	3,300	3,101

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:

	2008	2007	2008	2007
Carrying amount at start of year	3,101	1,535	3,101	1,535
Additions	266	1,627	266	1,627
Depreciation/amortisation expense	(67)	(61)	(67)	(61)
Carrying amount at end of year	3,300	3,101	3,300	3,101

	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
17. DEFERRED TAX ASSETS				
The balance comprises temporary differences attributable to:				
Amounts recognised in the profit or loss				
Employee benefits	48	42	48	42
Accruals	26	46	26	46
Other	12	19	12	19
Net deferred tax assets	86	107	86	107
Movements				
Opening balance at 1 August	107	1,430	107	1,430
Credited (charged) to the income statement	(21)	(1,323)	(21)	(1,323)
Closing balance at 31 July	86	107	86	107
Deferred tax assets to be recovered after 12 months	39	47	39	47
Deferred tax assets to be recovered within 12 months	47	60	47	60
	86	107	86	107
18. OTHER NON-CURRENT ASSETS				
Other assets	404	117	404	117
19. TRADE AND OTHER PAYABLES				
Trade creditors	269	80	269	76
Other creditors and accruals	658	599	658	1,348
	927	679	927	1,424
20. TAX LIABILITIES				
Income tax	6,003	1,939	6,003	1,939
21. BORROWINGS				
Bill payable - unsecured [1]	10,000	10,000	10,000	10,000
Bill payable - secured	3,405	3,900	3,405	3,900
Loan payable - secured	992	965	992	965
	14,397	14,865	14,397	14,865

[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 bank requires the company to meet certain financial ratios in relation to the consolidated entity. At balance date the entity complied with these requirements.

Details of the consolidated entity's exposure to interest rate changes on borrowings are set out in note 2.

	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000

21. BORROWINGS (CONTINUED)

Security

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

Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

	2008	2007	2008	2007
Bills payable[1]	3,405	3,900	3,405	3,900
Loans payable[2]	992	965	992	965
	4,397	4,865	4,397	4,865

Assets pledged as security

[1] $2.6 million is secured against specific investment properties with a carrying value of $4,534,309.
[2] $1.0 million is secured against Gowing Bros. Limited's investment in the Macquarie European Infrastructure Fund with a carrying value of $3,053,511

Financing arrangements

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

	2008	2007	2008	2007
Total facilities				
Unsecured bank overdrafts	1,000	1,000	1,000	1,000
Unsecured bill acceptance facility	10,000	20,000	10,000	20,000
Secured bill facilities	3,405	3,900	3,405	3,900
Secured loan facility	992	965	992	965
	25,397	25,865	25,397	25,865
Used at balance date				
Unsecured bank overdrafts	-	-	-	-
Unsecured bill acceptance facility	10,000	10,000	10,000	10,000
Secured bill facilities	3,405	3,900	3,405	3,900
Secured loan facility	992	965	992	965
	14,397	14,865	14,397	14,865
Unused at balance date				
Unsecured bank overdrafts	1,000	1,000	1,000	1,000
Unsecured bill acceptance facility	-	10,000	-	10,000
Secured bill facilities	-	-	-	-
	1,000	11,000	1,000	11,000

The interest rates at balance date were up to a maximum of 7.14% on the unsecured bill acceptance facility (2007: 7.14%) and up to 8.6% on the secured bill facilities (2007: 7.17%).

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.

22. PROVISIONS

	2008	2007	2008	2007
Employee entitlements	115	92	115	92

	CONSOLIDATED 2008 $'000	CONSOLIDATED 2007 $'000	PARENT ENTITY 2008 $'000	PARENT ENTITY 2007 $'000

23. DEFERRED TAX LIABILITIES

	2008 $'000	2007 $'000	2008 $'000	2007 $'000
The balance comprises temporary differences attributable to:				
Prepayments	10	2	10	2
Investment properties	223	1,082	223	1,082
Development properties	(675)	-	(675)	
Fixed assets - difference between book and tax	(13)	(11)	(13)	(11)
Private equities	211	624	211	624
Listed equities	4,946	17,215	4,946	17,215
Foreign exchange	2	9	2	9
Net deferred tax liabilities	4,704	18,921	4,704	18,921
Movements:				
Opening balance at 1 August	18,921	11,914	18,921	11,572
Charged (credited) to the income statement	(2,451)	1,231	(2,451)	1,573
Charged (credited) to equity	(11,766)	5,776	(11,766)	5,776
Closing balance at 31 July	4,704	18,921	4,704	18,921
Deferred tax liabilities to be settled after 12 months	4,704	18,921	4,704	18,921
Deferred tax liabilities to be settled within 12 months	-	-	-	-
	4,704	18,921	4,704	18,921

24. CONTRIBUTED EQUITY

	Number of Shares 2008	Number of Shares 2007	2008 $'000	2007 $'000
Share capital				
Ordinary shares fully paid	42,513,419	42,686,065	(1,111)	(449)

Movements in ordinary share capital

Date	Details	Number of Shares	Issue Price Per Share $	$'000
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	3.40	150
31/07/2007	Balance	42,686,065	N/A	(449)
	On market share buyback purchases	(187,139)	N/A	(712)
	Transferred to Deferred Employee Share Plan	14,493	3.45	50
31/07/2008	Balance	42,513,419		(1,111)

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.

24. CONTRIBUTED EQUITY (CONTINUED)

Capital risk management
The company objective when managing capital is to safeguard the ability to continue as a going concern, so that continued returns to shareholders and benefits for other stakeholders can be provided for while maintaining an optimal capital structure.

	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
25. RESERVES AND RETAINED PROFITS				
Reserves				
Movements				
Capital profit reserve[1]				
Opening balance	78,892	-	78,892	-
Transfer from retained profits	3,753	78,892	3,753	78,892
Closing balance	82,645	78,892	82,645	78,892
Long term asset revaluation reserve[2]				
Opening balance	54,321	37,238	54,386	37,303
Revaluation – gross	(43,342)	22,859	(43,342)	22,859
Deferred tax	11,766	(5,776)	11,766	(5,776)
Transfer to retained profits	-	-	(65)	-
Closing balance	22,745	54,321	22,745	54,386
Total reserves	105,390	133,213	105,390	133,278

[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.

	CONSOLIDATED 2008 $'000	CONSOLIDATED 2007 $'000	PARENT ENTITY 2008 $'000	PARENT ENTITY 2007 $'000
Retained Profits				
Retained profits at the beginning of the financial year	49,509	117,386	49,447	115,939
Net profit attributable to members of Gowing Bros. Limited	15,702	15,336	15,702	16,722
Dividends provided for or paid	(8,520)	(4,321)	(8,520)	(4,321)
Aggregate of amounts transferred (to) from reserves	(3,754)	(78,892)	(3,692)	(78,893)
Retained profits at the end of the financial year	52,937	49,509	52,937	49,447

26. MINORITY INTEREST

	CONSOLIDATED 2008 $'000	CONSOLIDATED 2007 $'000	PARENT ENTITY 2008 $'000	PARENT ENTITY 2007 $'000
Contributed equity	-	-*	-	-
Retained profits	-	3	-	-
	-	3	-	-

* Interest in contributed equity was $500.

	PARENT ENTITY	
	2008 $'000	2007 $'000
27. DIVIDENDS		
Ordinary shares		
2007 final dividend of 5.0 cents (2006: 5.0 cents) per share	2,126	2,173
2007 special final dividend of 5.0 cents per share	2,126	-
Interim dividend of 5.0 cents (2007: 5.0 cents) per share	2,134	2,148
Interim special dividend of 5.0 cents per share	2,134	-
Total dividends declared	8,520	4,321
Dividends paid in cash	8,520	4,321

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 fully franked 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 24 October 2008 out of retained profits at 31 July 2008 is $2,125,670 (2007: $2,134,303).

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 2008 and will be recognised in subsequent financial reports.

Franked dividends
The franked portions of the final and special dividends declared after 31 July 2008 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 2009.

	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Franking credits available for subsequent financial years (tax paid basis)	14,704	10,875	14,704	10,875

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.

	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000

28. REMUNERATION OF AUDITORS

Audit and review of the entity or any entity in the consolidated group	63	68	63	68
Tax services	17	12	17	12
Advisory services	4	11	4	11
	84	**91**	**84**	**91**

29. COMMITMENTS FOR EXPENDITURE

Capital commitments
The company has uncalled capital commitments of up to $2,951,571 over a period of up to 10 years in relation to private equity and property fund investments held at year end.

30. EMPLOYEE ENTITLEMENTS

Long service leave (note 22)	115	92	115	92
Accrual for annual leave	46	49	46	49
Other creditors and accruals	500	400	500	400
	661	541	661	541

31. 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 2007.

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

Directors and other key management personnel

Short-term employee benefits	1,102,628	1,002,571	1,102,628	1,002,571
Post-employment benefits	102,506	104,965	102,506	104,965
Long-term benefits	21,722	7,106	21,722	7,106
	1,226,856	1,114,642	1,226,856	1,114,642

The company has taken advantage of the relief provided by Corporations Regulation 2M.3.03 and has transferred the detailed remuneration disclosures to the directors' report. The relevant information can be found in the remuneration report on pages 14 to 17.

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

	Shares held as at 31 July 2006 No.	Shares acquired/ (disposed) during the year No.	Shares held as at 31 July 2007 No.	Shares acquired/ (disposed) during the year No.	Shares held as at 31 July 2008 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	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	-	-	-	35,135	35,135

31. 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 11 comprise:

	CONSOLIDATED AND PARENT ENTITY					
	2008 QRS Investments $	2008 J.S. Byers $	2008 Total $	2007 QRS Investments $	2007 J.S. Byers $	2007 Total $
Balance brought forward	-	26,375	26,375	270,612	34,875	305,487
Cash advances	-	-	-	-	-	-
Interest charged	-	-	-	965	-	965
Repayments	-	11,000		(271,577)	(8,500)	(280,077)
Current balance	-	15,375	15,375	-	26,375	26,375

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%. 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:

Creative License Pty Limited
A director related entity of J.E. Gowing. During the year the company paid fees amounting to $1,666 (2007: $7,980) to Creative License for services rendered in the production of the company's printed documentation.
All fees charged were on a commercial basis.

32. INTERESTS IN JOINT VENTURES

Joint venture operations

The parent entity has entered into a joint venture operation named Bunya Pines Estate joint venture for land sub-division and development. The controlled entity 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 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.

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 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.

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	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Current assets				
Cash	121	39	121	39
Other receivables	2,186	1	2,186	1
Total current assets	2,307	40	2,307	40
Non-current assets				
Investment properties	4,764	3,494	4,764	3,494
Development properties	1,406	873	1,406	873
Total non-current assets	6,170	4,367	6,170	4,367
Share of assets employed in joint venture	8,477	4,407	8,477	4,407

$2.60 million of borrowings is secured against Bowral, Forster and Eumundi investment properties. (Note 21).
$805k of borrowings is secured against the Yarrawonga property. (Note 21).

	Country of Incorporation	Class of Share	EQUITY HOLDING 2008 %	2007 %

33. INVESTMENTS IN CONTROLLED ENTITIES

Parent company				
Gowing Bros. Limited				
Controlled entities				
Gowings Leichhardt Pty Limited	Australia	Ordinary	-	100
Bayview Heights Estate Pty Limited	Australia	Ordinary	-	100
Gowings Kempsey Pty Limited	Australia	Ordinary	-	100
Zarlee Pty Limited	Australia	Ordinary	-	100
Gowings Properties Pty Limited	Australia	Ordinary	-	50

34. 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		PARENT ENTITY	
	2008 No.	2007 No.	2008 No.	2007 No.
Shares issued under the plan to participating employees	49,628	44,150	49,628	44,150

The participants were issued shares worth $180,000 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:

	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Shares issued under employee share scheme	180	150	180	150

Options
No options were on issue at year end (2007: Nil).

	CONSOLIDATED	
	2008	2007
35. EARNINGS PER SHARE		
Basic earnings per share (cents)	36.79c	35.53
Diluted earnings per share (cents)	36.79c	35.53c
Weighted average number of ordinary shares on issue	42,685,122	43,167,217
Net profit after tax excluding minority interests	15,702,000	15,336,000

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

	CONSOLIDATED		PARENT ENTITY	
	2008 $'000	2007 $'000	2008 $'000	2007 $'000
Profit from ordinary activities after income tax	15,702	15,336	15,702	16,722
Amortisation of interest rate swap	-	-	-	3
Depreciation	68	61	68	61
Gain on disposal of property, plant and equipment	-	(365)	-	(91)
Net gain on sale of listed equities	(15,022)	(10,968)	(15,022)	(10,968)
Net gain on sale of investment properties	(2,353)	-	(2,353)	-
Fair value gains on private equities	1,377	(1,409)	1,377	(1,409)
Dividends received from controlled entities	-	-	-	(1,748)
Revaluation of investment properties	825	(2,611)	825	(2,611)
Revaluation of development properties	2,250	-	2,250	-
Provisions for doubtful debts	-	11	-	11
Provisions for employee entitlements	22	1	22	1
Decrease (increase) in receivables	(681)	1,017	(681)	1097
Decrease (increase) in prepayments	(25)	38	(25)	38
Decrease (increase) in income taxes	1,634	5,087	1,634	5,053
Increase (decrease) in trade creditors and accruals	287	281	287	118
Net cash inflow from operating activities	4,084	6,479	4,084	6,277

37. SUBSEQUENT EVENTS

Financial Market Volatility
Currently, the market is very volatile with significant swings up or down on almost a daily basis. This makes the selection of a representative day extremely difficult and this could cause misleading information to be provided. The next quarter announcement due in respect of the October 2008 quarter will provide a more relevant picture of the group's financial position.

Lehman Brothers Bankruptcy
Subsequent to year end, Lehman Brothers Holdings Inc filed for bankruptcy. Gowings is the holder of a Collateralised Debt Obligation under which Lehman is the counterparty. The effect of the bankruptcy constitutes a counter party default by Lehman and accordingly, Gowings has called for the collateral assets to be sold by the administrator and be returned to Gowings as the note holder.

Gowings paid $2.5 million for the notes which carry a face value of $5 million (50c in the dollar). It is unclear as to the quantum of proceeds that will be received, which could be between $0 and $5 million. These notes were recorded in the accounts at year end at a cost of $2.5 million.

38. 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 and G.J. Grundy.

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 22 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 31 July 2008 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.

2. The directors have been given the declarations by the chief executive officer and chief financial officer for the year ended 31 July 2008 required by section 295A of the Corporations Act 2001.

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

Tony Salier

W. A. SALIER
Director

J. E. GOWING
Director

Sydney
20 October 2008

AUDITORS' INDEPENDENCE DECLARATION 31 July 2008

To the directors of Gowing Bros. Limited

As lead auditor for the audit of Gowing Bros. Limited for the year ended 31 July 2008, 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

20 October 2008

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 2008, 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 22 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.

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.

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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial 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 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.

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 20 October 2008 would be in the same terms if provided to the directors as at the date of this auditor's report.

Auditor's Opinion

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 2008 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.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 17 which form part of the directors' report for the year ended 31 July 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Gowing Bros. Limited for the year ended 31 July 2008 complies with section 300A of the Corporations Act 2001.

B. V. Rose
Partner

HLB MANN JUDD
(NSW Partnership)
Chartered Accountants

Sydney

20 October 2008

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		