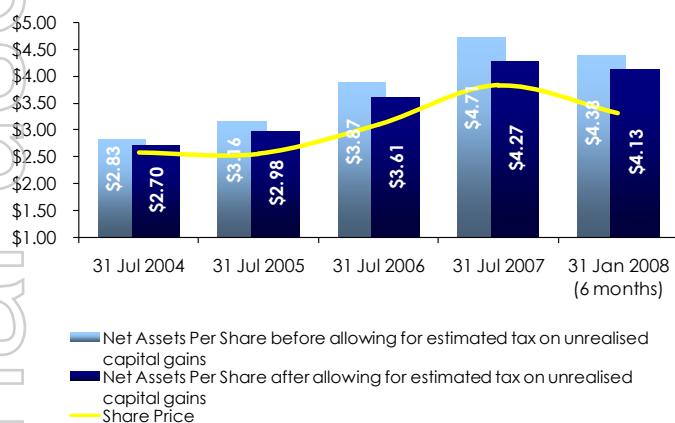




## HALF YEAR UPDATE – 31 January 2008

**Opportunity Abounds Amidst a Time of Gloom**

Gowings' net assets per share decreased by 4.9% to \$4.38 over the 6 month period ending 31 January 2008 after adjusting for dividends paid (refer Shareholder Return table adjacent). The fall was slightly less than the benchmark All Ordinaries Accumulation Index, which fell 6.2% over the same period.



Much has changed over the past 6 months. The current credit crisis, which first reared its head in early 2007 and re-emerged with a vengeance in August, has had a profound and continuing effect on equity market confidence and valuations. At the time, we couldn't see a rational reason for the dislocation between equity and credit markets. In particular, whilst equity markets had fully recovered from their August falls of 13%, credit markets were still in disarray with ever widening interest spreads due to an ongoing re-pricing of risk.

Consequently, based on our view that many stocks in our portfolio were trading above their fair value, we lightened or quit our positions in illiquid, overpriced or more risky holdings (as detailed below on page 4). Whilst this helped us to minimise subsequent losses, with hindsight, we now wish we had sold a lot more. Our consolation is that our losses are smaller than the market and many of our peers.

The market has shifted into bear market territory. Our present strategy is more orientated towards capital preservation rather than capital growth. We do not like losing money and are relatively happy earning interest on our current increased cash position of \$70 million.

On a positive note, prospective investment opportunities have begun to present themselves, although we remain very cautious as we expect more bad news to come.

Our private equity managers, in addition to continuing to deliver multiples of our invested capital, report that they are also starting to see more investment opportunities at lower and more realistic valuations.

This is a time when experienced long term investors can rebuild portfolios and position themselves for the next cycle. It is a true time of opportunity.

**Interim & Special Dividends**

The directors have declared a 5c ordinary fully franked LIC interim dividend per share (2007: 5c).

In addition, a 5c special fully franked LIC dividend has been declared from the significant capital gains realised during the period.

**Shareholder Returns**

For the half year ending	31 Jan 2008 (6 months)	31 Jul 2007 (6 months)
Opening net assets / share*	\$4.71	\$4.30
Closing net assets / share*	\$4.38	\$4.71
(Decrease) / increase in net assets	(\$0.33)	\$0.41
+ Ordinary dividend paid	\$0.05	\$0.05
+ Special dividend paid	\$0.05	-
Total return	(\$0.23)	\$0.46
% Total return	(4.9%)	10.7%
ASX All Ordinaries Accumulation Index for the same period	(6.2%)	8.4%

\* Before allowing for tax on unrealised gains



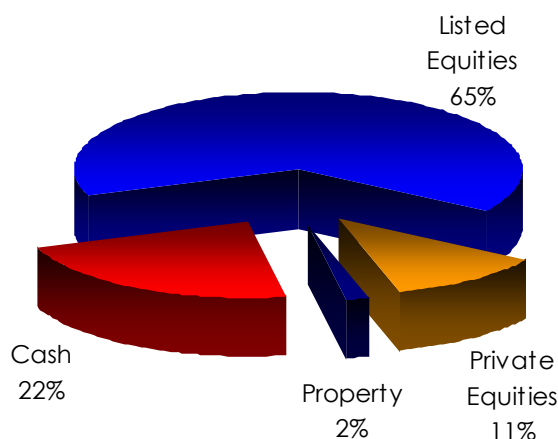
HALF YEAR UPDATE – 31 January 2008

**Increased Recurring Earnings**

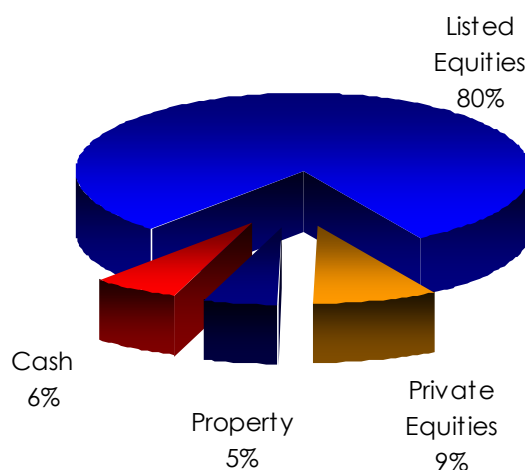
For the half year ending 31 January	2008	2007
<b>RECURRING EARNINGS</b>	(\$'000)	(\$'000)
Interest received	1,209	1,529
Dividends received	3,089	2,051
Private equity distributions	168	128
Rent received	288	103
Less: Borrowing costs	(509)	(458)
Less: Operating expenses	(1,129)	(1,184)
<b>Operating profit before tax</b>	<b>\$3,116</b>	<b>\$2,169</b>
<b>NON-RECURRING EARNINGS</b>		
- Gains on sale of listed equities	15,589	1,088
- Gains on sale of private equities	1,948	(166)
- Revaluation of private equities	(102)	993
- Gains on sale of investment properties	2,391	-
- Revaluation of investment properties	(751)	2,611
- Gains on sale of development properties	75	108
- Other	(7)	13
<b>Net profit before tax</b>	<b>\$22,259</b>	<b>\$6,816</b>
Income tax expense	(5,467)	(1,298)
<b>Net profit after tax</b>	<b>\$16,792</b>	<b>\$5,518</b>

**Investment Portfolio Mix**

**31 Jan 2008: Portfolio \$186m**



**31 Jan 2007: Portfolio \$201m**



\* Net Assets before allowing for tax on unrealised capital gains

**1. Cash - \$41m**

Since January 31 our cash position has increased to nearly \$70m or 38% of funds under management. We are currently earning nearly 8% interest and are comfortable with this weighting during this unprecedented volatile period.



**Portfolio Commentary (cont'd)**

**2. Property Investments - \$3m (net of debt)**

Divestments of properties continued during the period taking advantage of cyclic high valuations including:

SOLD: Norton Street, Boutique Retail

Norton Street in which we held a 50% interest, was sold for a high price of \$14.4 million equating to a sub 6% yield. Norton Street was originally acquired in 1998 and developed for a total cost of \$8.2 million. The decision to sell Norton Street was made to take advantage of the favourable market conditions, which look to have been top of cycle prices.

SOLD: Dundee Beach Darwin Tourist Park

Dundee was sold for \$5 million generating a 1 year return on investment of 25%. Dundee was acquired in 2006 for \$3.75 million and sold a year later after a DA for a park upgrade was successfully obtained. Having already captured significant value, the decision was made to sell Dundee rather than take on development risk and commit significant capital funds to the project.

SOLD: Bayview Heights Estate Residential Subdivision

The last of our residential estate subdivision was sold for \$2 million during the period with deferred proceeds to be received in the 2<sup>nd</sup> half of this year.

SOLD: Bunya Pines Estate Residential Subdivision

A further 4 lots were sold during the period with only 7 remaining from the 76 lot subdivision.

PURCHASED: Fern Bay, Stockton Beach Newcastle

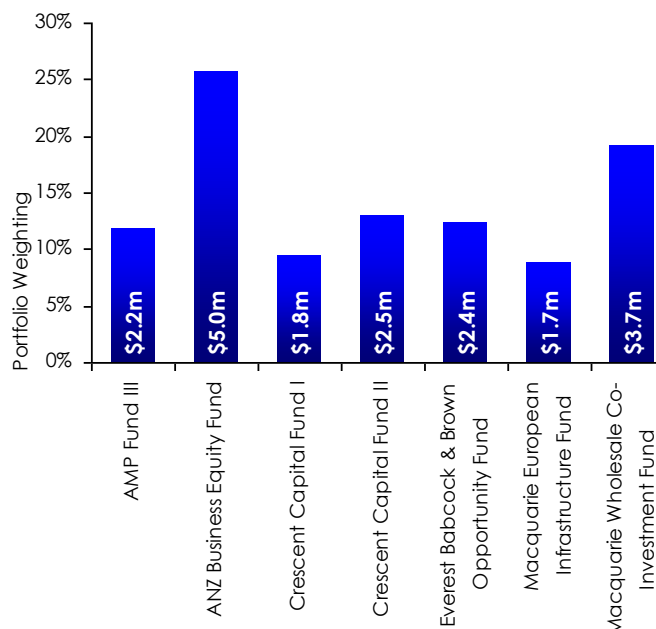
A \$3 million investment was made in a residential subdivision on the north coast of Newcastle managed by Aspen Group Ltd.

PURCHASED: Yarrowonga Industrial Estate

A \$1.4 million investment has been made in a 50:50 joint venture partnership to develop 32 industrial strata units in Darwin. Nearly 50% of pre-sales have been achieved in Stage 1 and construction has commenced.

**3. Managed Private Equity - \$21m**

As at reporting date, there was approximately \$21 million invested across 5 different managers as follows:



Managed private equity is an attractive investment class in the current market, not only for the continuing strong returns and absence of volatility, but because we have regular and direct contact with all of our managers – who are not constrained by various disclosure rules. As such, we are able to gain a higher level of confidence in these investments.

Notable realisations received during the period include:

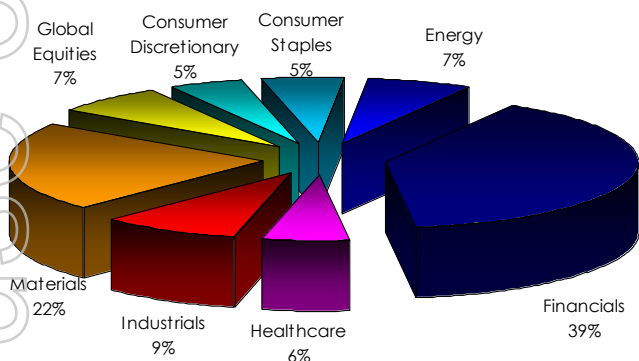
- AMP Capital sold the water business Total Eden to Alesco and returned 6x our money with proceeds of \$1.1 million being received.
- Crescent Capital sold the plastics business Dotmar and returned 2.7x our money with proceeds of \$900,000 being received.
- Crescent also distributed \$200,000 from performance fees received from our earn-out agreement with the manager.

Subsequent to period end, AMP Capital sold a drug distribution business for 3x our money with proceeds of \$500,000 expected to be received in April 2008.



Portfolio Commentary (cont'd)

4. Listed Australian and International Equities - \$120m



Our listed equity portfolio weighting reduced significantly during the period from 80% to 63%. As noted above, our equities position was reduced for stocks considered to be illiquid, over-priced or more risky.

The movements in the listed equity portfolio are summarised below:

For the half year ending 31 January 2008	(\$'m)
<b>Opening Balance</b>	<b>\$156.2</b>
+ Share Purchases	20.5
- Share Sales	(45.7)
- Net devaluation *	(10.7)
<b>Closing Balance</b>	<b>\$120.3</b>

\* The underlying portfolio return including dividends received was -5.4% compared to the All Ordinaries Accumulation Index of -6.2%.

Share purchases made during the period include:

Australian Stocks	Global Stocks
▪ Alesco	▪ Apple (USA)
▪ BHP	▪ Archer Daniels Midland (USA)
▪ Bell Financial Group	▪ Cisco (USA)
▪ Fortescue	▪ CVRD (Brazil)
▪ Hexima	▪ Dairy Equities (NZ)
▪ Macquarie Bank	▪ Delegats (NZ)
▪ Magellan Flagship Fund	▪ eBay (USA)
▪ News Corporation	▪ Inditex (Spain)
▪ Suncorp	▪ John Deere (USA)
▪ Wesfarmers	▪ Textron (USA)
▪ Woodside	▪ Veolia (France)
	▪ Warehouse Group (NZ)

Shares sales made during the period include:

Company	Sold	AUD Share Price	Value
Aditya Birla	August	\$3.35	\$1.0m
Allco Finance Group	August	\$10.01	\$0.6m
AMP China Fund	August	\$1.27	\$1.1m
Babcock and Brown	August	\$25.85	\$0.9m
Coffey International	August	\$4.15	\$0.9m
Fairfax	August	\$4.74	\$1.9m
Imdex	August	\$1.43	\$0.3m
Invocare	August	\$6.24	\$2.7m
Lend Lease	August	\$18.14	\$0.5m
Noni B	August	\$4.35	\$1.1m
Nomad	August	\$2.90	\$0.3m
REX Airlines	August	\$2.55	\$0.5m
Resmed	August	\$5.11	\$2.6m
Macquarie Airports	August	\$4.18	\$1.3m
Transurban	August	\$7.13	\$0.9m
TomTom (Neth)	August	\$76.12	\$1.5m
Concept Hire	September	\$2.70	\$0.9m
Fortescue	September	\$36.58	\$2.0m
Suncorp	September	\$19.82	\$1.9m
ARB	December	\$4.10	\$2.0m
Fleetwood	December	\$10.57	\$1.1m
Gosford Quarries	December	\$0.55	\$0.2m
IAG	December	\$4.54	\$0.6m
Soul Pattinson	December	\$9.03	\$4.5m
St George Bank	December	\$35.33	\$2.3m
Wotif	December	\$5.67	\$0.6m
Westpac	December	\$28.58	\$2.3m
Dairy Equities (NZ)	December	\$0.39	\$0.5m
Coates Hire	January	\$6.06	\$3.6m
Orica Pref's	January	\$1.00	\$0.1m



GOWINGS

Investing together for a secure future

## HALF YEAR UPDATE – 31 January 2008

### Outlook

It is disappointing that irresponsible lending and financial practices in the US are threatening to derail the strongest period of global economic growth in a century.

Global economic growth slowed in the December quarter to just under 5% as the sub-prime and subsequent credit crises started to impact real world consumption, investment and confidence levels. The US is expected to enter a recession cushioned by large interest rate and tax cuts. The resource hungry nations of China and India have also slowed marginally, albeit from very high levels.

Although Australia is not isolated from recent market weakness, it remains in very good shape underpinned by low unemployment and robust demand for our resources. More recently, the heavy rains are expected to lead to a large rise in farm incomes and add another 0.5% to our GDP. Indeed, the Reserve Bank of Australia is doing its best to slow down our growth as it endeavours to control inflation.

We remain comfortable with our current portfolio characterised by strong balance sheets, high yields and valuations which are now at their lowest levels in 15 years. Importantly, our portfolio's growth outlook remains intact.

Ordinarily, now would be an ideal time to acquire stocks at attractive prices; however, we believe that further chapters of the credit crises are still to unfold. Until such time that credit markets again start functioning properly, we will retain a cautious stance and only invest in compelling opportunities where we can gain the increased level of conviction and transparency required.

Regards

**John Gowing**

### 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.

Investments are made in assets which have the potential to deliver superior growth over the long term 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 and management are shareholders giving rise to our commitment to "investing together for a secure future".



GOWINGS

Investing together for a secure future

# HALF YEAR UPDATE – 31 January 2008

## Gowings “At A Glance”

	31 Jan 2008	31 Jul 2007
	\$	\$
<b>1. CASH</b>	<b>40,823,000</b>	<b>12,154,000</b>

### 2. EQUITIES

Australian Equity Portfolio		
BHP Billiton	16,672,000	17,366,000
Rio Tinto Limited	8,856,000	6,702,000
Woodside Petroleum	7,878,000	5,627,000
Westpac Banking Corporation	7,693,000	10,202,000
ANZ Banking Group	5,433,000	5,911,000
Australian Stock Exchanges	5,274,000	5,469,000
Woolworths	5,184,000	4,912,000
Macquarie Group	5,031,000	5,396,000
Blackmores Ltd	4,251,000	4,666,000
Commonwealth Bank	3,952,000	4,341,000
Alesco Corp	3,760,000	5,130,000
National Australia Bank	3,460,000	3,836,000
Carlton Investments Ltd	3,269,000	4,355,000
Wesfarmers Limited	2,824,000	2,144,000
Harvey Norman	2,498,000	2,381,000
Hills Industries	2,198,000	3,203,000
News Corporation	1,980,000	1,788,000
Aspen Group	1,472,000	2,839,000
St George Bank	1,393,000	3,968,000
Invocare Limited	196,000	2,799,000
Other holdings	18,936,000	53,604,000
<b>Total</b>	<b>112,210,000</b>	<b>156,639,000</b>

	\$AUD	\$AUD
International Equity Portfolio		
Deere & Co	1,338,000	481,000
Archer Daniels	1,237,000	494,000
Warehouse Group	960,000	-
Textron	947,000	496,000
Companhia Vale Do Rio Doce	539,000	-
Apple Inc	487,000	263,000
General Electric	477,000	-
Delegats Group	464,000	-
Veolia Environment SA	456,000	-
Ebay	454,000	-
Cisco Systems	413,000	-
Industria De Diseno Textil	390,000	-
TomTom	-	1,536,000
Dairy Equities	-	333,000
<b>Total</b>	<b>8,162,000</b>	<b>3,603,000</b>
<b>TOTAL EQUITY PORTFOLIO</b>	<b>120,372,000</b>	<b>160,242,000</b>

	31 Jan 2008	31 Jul 2007
<b>3. MANAGED PRIVATE EQUITIES</b>		
Macquarie Whole Sale Co-Investment Fund	4,852,000	4,251,000
AMP PEFIIIA	2,834,000	3,144,000
ANZ Business Equity Fund	5,000,000	2,500,000
Crescent Capital Partners II LP	1,723,000	2,096,000
Crescent Capital Partners Growth Fund	1,424,000	1,783,000
Everest Babcock & Brown Opportunity Fund	2,300,000	1,000,000
MEIF	3,166,000	2,590,000
MEIF loan	(998,000)	(965,000)
Other Investments	1,033,000	1,529,000
<b>Total</b>	<b>21,334,000</b>	<b>17,928,000</b>

### 4. PROPERTY PORTFOLIO

Retail	5,764,000	16,206,000
Commercial	4,203,000	4,259,000
Industrial	968,000	968,000
Residential	712,000	2,373,000
Property Development	4,501,000	872,000
Borrowings	(13,088,000)	(13,900,000)
<b>Total</b>	<b>3,060,000</b>	<b>10,778,000</b>

### 5. OTHER

	<b>478,000</b>	<b>(14,000)</b>
Net assets before tax on unrealised gains	186,067,000	201,088,000
Estimated provision for tax on unrealised gains	(10,536,000)	(18,812,000)
Net assets after tax on unrealised gains	175,531,000	182,276,000
Shares Outstanding	42,536,593	42,686,065
<b>Net Assets per share before estimated tax on unrealised gains</b>	<b>\$ 4.38</b>	<b>\$ 4.71</b>
<b>Net Assets per share after allowing for estimated tax on unrealised gains</b>	<b>\$ 4.13</b>	<b>\$ 4.27</b>



**Appendix 4D**

**INTERIM FINANCIAL  
REPORT  
PERIOD ENDED  
31 JANUARY 2008**

Gowing Bros. Limited  
ABN 68 000 010 471  
Suite 21, Jones Bay Wharf  
26 – 32 Pirrama Rd  
PYRMONT NSW 2009  
T: 61 2 9264 6321 F: 61 2 9264 6240  
[www.gowings.com](http://www.gowings.com)

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

Entity:	GOWING BROS. LIMITED
Reporting period:	SIX MONTHS ENDED 31 JANUARY 2008
Previous corresponding period:	SIX MONTHS ENDED 31 JANUARY 2007

**RESULTS**

Revenue	up	21.9%	to	\$4,859,000
Net profit after tax	up	149.9%	to	\$16,792,000
Net profit attributable to members	up	149.9%	to	\$16,792,000
Net assets per share (before allowing tax on unrealised gains)	down	7.0%	to	\$4.38
Net assets per share (after allowing tax on unrealised gains)	down	3.3%	to	\$4.13

**DIVIDENDS**

	CENTS PER SHARE	% FRANKED
<b>CURRENT PERIOD</b>		
Interim dividend – fully franked LIC dividend	5.0c	100%
Special dividend – fully franked LIC dividend	5.0c	100%
<b>PREVIOUS CORRESPONDING PERIOD</b>		
Interim dividend – fully franked LIC dividend	5.0c	100%

Record date for determining entitlement to dividends

10 April 2008

The Dividend Reinvestment Plan and Bonus in Lieu Plan are suspended for this dividend.



## Interim Financial Report

### DIRECTORS' REPORT

#### DIRECTORS

The names of each person serving as a Director, either during or since the end of the half-year, are set out below:

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

#### REVIEW OF OPERATIONS

Refer to the Half Year Update – 31 January 2008.

#### ROUNDING OFF

The company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the director's report and financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

#### AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration given to the Directors by the lead auditor for the review undertaken by HLB Mann Judd is included in page 13.

Dated at Sydney this 19th day of March 2008 in accordance with a resolution of the directors.

J. E. Gowing  
Managing Director



GOWING BROS

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## Interim Financial Report

### INCOME STATEMENT

FOR THE SIX MONTH PERIOD ENDED 31 JANUARY 2008

	Notes	CONSOLIDATED	
		31 January 2008	31 January 2007
		\$000	\$000
<b>Revenue</b>			
Interest income		1,209	1,529
Listed Australian and global equities		3,089	2,051
Private equities		168	128
Investment properties		393	277
<b>Total Revenue</b>		<b>4,859</b>	<b>3,985</b>
<b>Other Income</b>			
Gains (losses) on disposal or revaluation of:			
- Listed Australian and global equities		15,589	1,088
- Private equities		1,846	827
- Investment properties		1,640	2,611
- Development properties		75	108
FX gains (losses)		(33)	(9)
Other income		26	22
<b>Total Revenue and Income</b>		<b>24,002</b>	<b>8,632</b>
<b>Expenses</b>			
Investment property related expenses		105	174
Administration expenses		83	182
Borrowing cost expenses		509	458
Depreciation expenses		32	11
Employee expenses		852	799
Public company expenses		162	192
<b>Total Expenses</b>		<b>1,743</b>	<b>1,816</b>
<b>Profit before income tax expense</b>		<b>22,259</b>	<b>6,816</b>
Income tax expense	4	(5,467)	(1,298)
<b>Profit from continuing operations</b>		<b>16,792</b>	<b>5,518</b>
Net profit attributable to minority interest		-	-
<b>Profit attributable to members of Gowing Bros. Limited</b>	6	<b>16,792</b>	<b>5,518</b>
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>		<b>16,792</b>	<b>5,518</b>
Basic earnings per share	8	39.4c	12.71c

The consolidated income statement should be read in conjunction with the notes as set out on pages 7 to 11.



GOWING BROS

Investing together for a secure future

## Interim Financial Report

### BALANCE SHEET

AS AT 31 JANUARY 2008

	Notes	CONSOLIDATED	
		31 January 2008 \$000	31 July 2007 \$000
<b>Current Assets</b>			
Cash and cash equivalents		40,823	12,154
Trade and other receivables		6,143	2,221
Investment properties		4,150	12,769
Other		265	153
<b>Total Current Assets</b>		<b>51,381</b>	<b>27,297</b>
<b>Non-Current Assets</b>			
Receivables		397	167
Investments - listed Australian and global equities		120,372	160,242
Investments - private equities		22,331	18,893
Investment properties		4,494	7,979
Development properties		4,501	872
Land and buildings		3,033	3,021
Plant and equipment		67	80
Deferred tax assets		95	107
Other		378	117
<b>Total Non-Current Assets</b>		<b>155,668</b>	<b>191,478</b>
<b>Total Assets</b>		<b>207,049</b>	<b>218,775</b>
<b>Current Liabilities</b>			
Trade and other payables		465	679
Current tax liabilities		6,268	1,939
<b>Total Current Liabilities</b>		<b>6,733</b>	<b>2,618</b>
<b>Non-Current Liabilities</b>			
Borrowings		14,086	14,865
Deferred tax liabilities - unrealised gains		10,536	18,812
Deferred tax liabilities - other		31	109
Payables		21	3
Employee Entitlements		111	92
<b>Total Non-Current Liabilities</b>		<b>24,785</b>	<b>33,881</b>
<b>Total Liabilities</b>		<b>31,518</b>	<b>36,499</b>
<b>Net Assets</b>		<b>175,531</b>	<b>182,276</b>
<b>Equity</b>			
<b>Parent Entity Interest</b>			
Issued capital		(1,077)	(449)
Reserves	5	114,575	133,213
Retained profits	6	62,033	49,509
<b>Total Parent Entity Interest</b>		<b>175,531</b>	<b>182,273</b>
Minority interest in controlled entities	7	-	3
<b>Total Equity</b>		<b>175,531</b>	<b>182,276</b>

The consolidated balance sheet should be read in conjunction with the notes as set out on pages 7 to 11.



## Interim Financial Report

### STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTH PERIOD ENDED 31 JANUARY 2008

	CONSOLIDATED	
	31 January 2008	31 January 2007
	\$000	\$000
<b>Equity at the beginning of the period</b>	182,276	158,235
Profit attributable to shareholders for the period	16,792	5,518
Revaluation of investments, net of tax provided	(18,640)	10,089
<b>Equity at the end of the period</b>	180,428	173,842
Transactions with shareholders in their capacity as shareholders:		
Buybacks, net of issue costs	(629)	(2,635)
Dividends paid	(4,268)	(2,175)
<b>Equity at the end of the period attributable to shareholders</b>	175,531	169,032

The consolidated statement of changes in equity should be read in conjunction with the notes as set out on pages 7 to 11.



## Interim Financial Report

## CASH FLOW STATEMENT

FOR THE SIX MONTH PERIOD ENDED 31 JANUARY 2008

	CONSOLIDATED	
	31 January 2008 \$'000	31 January 2007 \$'000
<b>Cash Flows from Operating Activities</b>		
Receipts in the course of operations (inclusive of GST)	624	887
Payments to suppliers and employees (inclusive of GST)	(1,609)	(1,066)
Dividends received	2,775	2,009
Interest received	1,204	2,176
Borrowing costs	(509)	(458)
Income taxes paid	(1,818)	-
<b>Net Cash inflow from Operating Activities</b>	<b>667</b>	<b>3,548</b>
<b>Cash Flows from Investing Activities</b>		
Payments for purchases of property, plant and equipment	(31)	(1,617)
Payments for purchases of equity investments	(25,163)	(16,653)
Payments for purchase of property	(3,778)	(6,013)
Proceeds from sale of equity investments	52,417	5,990
Proceeds from sale of property & other assets	10,265	507
Proceeds from loan repayments	-	1,260
<b>Net Cash inflow (outflow) from Investing Activities</b>	<b>33,710</b>	<b>(16,526)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from borrowings	489	982
Payments for shares bought back	(629)	(2,635)
Repayment of borrowings	(1,300)	-
Dividends paid	(4,268)	(2,175)
<b>Net Cash (outflow) from Financing Activities</b>	<b>(5,708)</b>	<b>(3,828)</b>
<b>Net increase (decrease) in Cash Held</b>	<b>28,669</b>	<b>(16,806)</b>
Cash at the beginning of the period	12,154	53,942
<b>Cash at the end of the period</b>	<b>40,823</b>	<b>37,136</b>
<b>Reconciliation of Cash</b>		
Cash at the beginning of the period	40,823	37,136
Deposits at call	-	-
Bank overdraft	-	-
<b>Cash at the end of the period</b>	<b>40,823</b>	<b>37,136</b>

The consolidated cash flow statement should be read in conjunction with the notes as set out on pages 7 to 11.



GOWING BROS

Investing together for a secure future

## Interim Financial Report

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements are a general purpose financial report prepared in accordance with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Act 2001.

The interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the consolidated entity as at and for the year ended 31 July 2007. Comparative information has been reclassified where appropriate to enhance comparability.

The interim financial report is presented in Australian dollars and is prepared on the historical cost basis, as modified by the revaluation of listed Australian and global equities (available-for-sale financial assets), private equities (financial assets at fair value through profit or loss) and investment properties.

The preparation of an interim financial report requires conformity with AIFRS in the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the entity's accounting policies. These estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision future periods if the revision affects both current and future periods.



## NOTES TO THE INTERIM FINANCIAL STATEMENTS

	CONSOLIDATED	
	31 January 2008	31 January 2007
	\$'000	\$'000
<b>2. SEGMENT INFORMATION</b>		
<b>Investment Segments</b>		
Revenue from outside the consolidated entity:		
Cash and fixed interest	1,209	1,529
Listed Australian and global equities	3,089	2,051
Private equities	168	128
Investment properties	393	277
<b>Total Revenue</b>	<b>4,859</b>	<b>3,985</b>
Other income	19,143	4,647
<b>Total Segment Revenue and Income</b>	<b>24,002</b>	<b>8,632</b>
Segment result	22,259	6,816
Income tax expense	(5,467)	(1,298)
<b>Net Profit</b>	<b>16,792</b>	<b>5,518</b>
<b>3. OTHER INCOME</b>		
Fair value gains on other financial assets at fair value through profit or loss	1,846	827
Unrealised investment property gains (loss)	(751)	2,611
Realised investment property gains	2,391	-
Net gain (loss) on sale of available-for-sale financial assets	15,589	1,088
Net gain on disposal of property plant and equipment	75	109
Other income	(7)	12
<b>Total Other Income</b>	<b>19,143</b>	<b>4,647</b>
<b>4. INCOME TAX</b>		
Prima facie tax expense on the net profit at 30%	6,678	2,045
Tax effect of permanent differences:		
Non-assessable income	21	537
Non-deductible expenses	(4)	(3)
Franked dividends	(1,107)	(843)
Income tax expense on operating profit	5,588	1,736
Under (over) provision for taxable income in prior year	(121)	(438)
<b>Income Tax Expense</b>	<b>5,467</b>	<b>1,298</b>
<b>5. RESERVES</b>		
Capital profits reserve	78,893	78,893
Investment revaluation reserve – listed Australian and global equities	35,682	47,328
<b>Total Reserves</b>	<b>114,575</b>	<b>126,221</b>



## Interim Financial Report

### NOTES TO THE INTERIM FINANCIAL STATEMENTS

	CONSOLIDATED	
	31 January 2008	31 January 2007
	\$'000	\$'000

#### 6. RETAINED PROFITS

Retained profits at the beginning of the financial period	49,509	117,386
Net profit attributable to members of Gowing Bros. Limited	16,792	5,518
Aggregate of amounts transferred to capital profit reserves	-	(78,893)
Dividends provided for or paid	(4,268)	(2,175)
<b>Retained Profits at end of the financial period</b>	<b>62,033</b>	<b>41,836</b>

#### 7. MINORITY INTEREST

Interest in:		
Contributed equity (Interest in contributed equity is \$500)	-	-
Retained profits	-	2
<b>Minority Interest</b>	<b>-</b>	<b>2</b>

#### 8. EARNINGS PER SHARE (EPS)

Earnings reconciliation:		
Net profit	16,792	5,518
Net profit attributable to minority interest	-	-
Basic and diluted earnings	16,792	5,518
Weighted average number of ordinary shares on issue used in the calculation of basic and diluted earnings per share.	42,622,271	43,421,811

At balance date there were no options on issue.

	31 January 2008	31 July 2007
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#### 9. NTA BACKING

NTA per ordinary security before tax on unrealised gains	\$4.38	\$4.71
NTA per ordinary security after tax on unrealised gains	\$4.13	\$4.27

The company is a long term investor and does not intend on disposing of its investment portfolio. Valuations are based on managements' best estimation of market values with reference to ASX prices, private equity manager reports, property valuations and consultation with real estate advisors.



## Interim Financial Report

### NOTES TO THE INTERIM FINANCIAL STATEMENTS

#### 10. DIVIDENDS

	CENTS PER SHARE	TOTAL AMOUNT \$000	DATE OF PAYMENT
The following dividends were declared and paid by the consolidated entity:			
Interim dividend 31 January 2007 <sup>1</sup>	5.0c	2,156	24 April 2007
Final dividend 31 July 2007	5.0c	2,134	25 October 2007
Special dividend 31 July 2007	5.0c	2,134	25 October 2007

Since the end of the period, the directors declared the following dividend:

Interim Dividend 31 January 2008	5.0c	2,126	24 April 2008
Special Dividend 31 January 2008	5.0c	2,126	24 April 2008

<sup>1</sup> LIC special CGT dividend

Dividends declared or paid during the period were fully franked at the tax rate of 30%.

The financial effect of the dividend declared subsequent to reporting date has not been brought to account in the financial statements for the six month period ended 31 January 2008 and will be recognised in subsequent financial reports.

#### Dividend plans in operation:

The operation of the company's Dividend Reinvestment Plan and Bonus in Lieu Plan is suspended until further notice.

#### 11. INTERESTS IN ENTITIES WHICH ARE NOT CONTROLLED ENTITIES, OR JOINT VENTURE OPERATIONS

The economic entity has an interest in the following entities, and joint venture operations:

	% OF OWNERSHIP HELD AT END OF PERIOD OR DATE OF DISPOSAL		CONTRIBUTION TO NET PROFIT (LOSS)	
	31 January 2008 %	31 January 2007 %	31 January 2008 \$'000	31 January 2007 \$'000
Joint Ventures:				
Yarrowonga	50	-	-	-
Kemp Street Partnership	50	50	-	1
Elrington Partnership	50	50	8	11
Bunya Pines Estate Joint Venture	50	50	75	108
Regional Retail Properties	50	50	1,263	(102)
<b>Total</b>			<b>1,346</b>	<b>18</b>



## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### 12. ISSUED AND QUOTED SECURITIES AT THE END OF CURRENT PERIOD

	No. quoted	Total No.
Ordinary Securities:		
Opening Balance	42,686,065	42,686,065
Transferred to Deferred Employee Share Plan	12,987	12,987
Decreases through returns of capital, buybacks	(162,459)	(162,459)
<b>Closing Balance</b>	<b>42,536,593</b>	<b>42,536,593</b>

### 13. COMMENTS BY DIRECTORS

**Material factors affecting the revenue and expenses of the economic entity for the current period.**

Refer to Half Year Update - 31 January 2008.

**Description of event(s) since the end of the current period which has had a material effect and is not already reported elsewhere in this financial report.**

Refer to the Half Year Update - 31 January 2008.

**Franking credits available and prospects for paying fully or partly franked dividends for at least the next year.**

The Company has sufficient franking credits (\$16.2 million) to fully frank all dividends that have been declared.



## DIRECTORS' DECLARATION

The directors declare that, in the opinion of the directors:

1. the financial statements and notes set out on pages 3 to 12 are in accordance with the Corporations Act 2001, including:
  - (a) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (b) giving a true and fair view of the consolidated entity's financial position as at 31 January 2008 and of its performance, as represented by the results of its operations, changes in equity and its cash flows, for the half-year ended on that date.
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

J. E. Gowing  
Managing Director  
19 March 2007

**GOWING BROS. LIMITED**

**AUDITOR'S INDEPENDENCE DECLARATION**

To the Gowing Bros. Limited:

As lead auditor for the review of Gowing Bros. Limited for the half-year ended 31 January 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.



**Bruce Rose**  
Partner

**Sydney**  
**19 March 2008**