

GOWING BROS. LIMITED

ABN 68 000 010 471

MANAGING DIRECTOR'S REVIEW OF OPERATIONS
for the half year period ended 31 January 2005

I am pleased to report a first half profit after tax for the period ending 31 January 2005 of \$7.619 million (last year \$3.643 million). This result was boosted by gains made on disposal of long term investments, which followed a full review and rebalancing of our long term portfolio to take advantage of the exceptionally buoyant equities market.

Management's estimate of net tangible assets per share stands at \$3.12* (31/7/04 \$2.81). This increase was almost entirely a result of the increase in value of our share portfolio over the period, even after taking into account the aforesaid disposals following the portfolio rebalancing.

A fully franked interim dividend of 3.5c (last year 3.5c) will be paid on 22 April 2005. Both the Dividend Reinvestment and Bonus in Lieu plans will be operational. The record date for the dividend is 8 April 2005.

It is impractical to predict the future, however it is reasonable to expect that second half earnings from continuing operations will be consistent with those reported in the corresponding period last year.

J.E. GOWING
Managing Director
Sydney
11 March 2005

* Note: Valuations on which the net assets per share figures above are based are on a pre-tax basis. Private equity values are based on investment managers' most recent valuations. Property valuations are based on management's opinion of fair market value arrived at after consultation with real estate advisors, valuers and joint venture partners. The figures are taken from the company's "Gowings at a Glance" summary asset statement and are not audited.

GOWING BROS. LIMITED "AT A GLANCE"
Statement of Financial Position (as at 31 January 2005)

INVESTMENT PORTFOLIO at market value

| | |
|---|---------------------|
| Listed equities* | \$63,695,000 |
| Private equity investments | |
| MIT IIIA | \$875,000 |
| Crescent Capital Partners Growth Fund | \$1,708,000 |
| Crescent Capital Partners II LP | \$390,000 |
| Other investments | \$1,955,000 |
| Total private equity investments | \$4,928,000 |
| Net interest bearing securities & receivables | \$5,091,000 |
| Cash on hand | \$12,149,000 |
| TOTAL INVESTMENT PORTFOLIO | \$85,863,000 |

* 10 LARGEST EQUITY HOLDINGS

| | |
|---|---------------------|
| Westpac Banking Corporation Limited | \$5,940,000 |
| Washington H. Soul Pattison Company Limited | \$5,455,000 |
| BHP Billiton Limited | \$4,708,000 |
| Alesco Corporation Limited | \$3,067,000 |
| National Australia Bank Limited | \$2,963,000 |
| Macquarie Equities (Macquarie Bank Limited) | \$2,931,000 |
| ANZ Banking Group Limited | \$2,859,000 |
| Blackmores Limited | \$2,746,000 |
| Woolworths Limited | \$2,626,000 |
| John Fairfax Holdings Limited | \$2,624,000 |
| Other holdings | \$27,776,000 |
| TOTAL | \$63,695,000 |

PROPERTY PORTFOLIO at market value

| | |
|--|----------------------|
| Investment property by sector | |
| Retail | \$38,632,000 |
| Commercial | \$20,350,000 |
| Industrial | \$1,812,000 |
| Residential | \$3,337,000 |
| | \$64,131,000 |
| Development property by sector | |
| Residential | \$1,050,000 |
| TOTAL PROPERTY PORTFOLIO | \$65,181,000 |
| TOTAL INVESTMENT & PROPERTY PORTFOLIO | \$151,044,000 |
| Less debt (Market St Sydney) | (\$10,000,000) |
| NET INVESTMENT & PROPERTY PORTFOLIO | \$141,044,000 |

Which equates to a market value per share of \$3.12

*\$141.044m / 45,145,962 shares on issue

Reconciliation of movement in net assets per share

| | |
|-----------------------------------|---------|
| Market value per share at 31/7/04 | \$2.84 |
| Less dividend paid | \$0.035 |
| Adjusted value | \$2.81 |
| Value at 31/01/05 (above) | \$3.12 |
| Movement - \$ increase (6 months) | \$0.31 |
| Movement - % increase (6 months) | 11.0% |

* Note: Valuations are on a pre tax basis. Private equity values are based on investment managers' most recent valuations.

Property values are based on management's opinion of fair market value arrived at after consultation with real estate advisors, valuers and joint venture partners.

The figures in this "At a Glance" schedule are not audited.

GOWING BROS. LIMITED

ABN 68 000 010 471

HALF YEARLY REPORT
HALF YEAR ENDED 31 JANUARY 2005

RESULTS FOR ANNOUNCEMENT TO THE MARKET

in accordance with Listing Rule 4.2A

| | | | | \$'000 |
|--|---|------|----|---------------------|
| Revenue from ordinary activities | up | 43% | to | 21,827 |
| Net profit for the period attributable to members | up | 109% | to | 7,619 |
| | | | | Amount per security |
| Dividends (distributions) | | | | |
| Interim dividend | | | | |
| 25/10/2004 | Fully franked LIC capital gain dividend | | | 3.5c |
| 22/04/2005 | Fully franked dividend | | | 3.5c |
| Previous corresponding period | | | | 3.5c |
| Record date for determining entitlements to the dividend | | | | 8 April 2005 |

Brief explanation of any of the figures reported above and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:

(a) A fully franked LIC capital gain dividend of 3.5c was paid on 25 October 2004.

(b) A fully franked dividend of 3.5c was declared on 11 March 2005 payable on 22 April 2005. At 31 January 2005 a liability was not recognised for payment of the dividend and the dividend is not included in dividends provided for or paid (Note 6). The aggregate amount of the dividend expected to be paid on 22 April 2005 is \$1,580,000 less the value of the shares issued as part of the Dividend Reinvestment Plan (DRP) and Bonus in Lieu Plan (BIL).

GOWING BROS. LIMITED

ABN 68 000 010 471

DIRECTORS' REPORT

The 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 half year ended 31 January 2005.

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 M. T Alscher | (Non-executive Director) |
| Mr J. G Parker | (Non-executive Director) |

Review of Operations

Refer to the Managing Director's Review of Operations.

Rounding of Amounts to Nearest Thousand Dollars

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

Auditor's Independence Declaration

A copy of the Independence Declaration given to the Directors by the lead auditor for the review undertaken by HLB Mann Judd is included in page 17.

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

J.E GOWING
Director

Sydney
11 March 2005

GOWING BROS. LIMITED

ABN 68 000 010 471

STATEMENT OF FINANCIAL PERFORMANCE

HALF YEAR ENDED 31 JANUARY 2005

| | | Consolidated | |
|---|----------|---------------------------------------|---------------------------------------|
| | Notes | Half year to 31 Jan 2005 \$'000 | Half year to 31 Jan 2004 \$'000 |
| Revenue from ordinary activities | 3 | 21,827 | 15,307 |
| Cost of investments sold | | (9,971) | (5,264) |
| Cost of property sold | | (243) | (590) |
| Cost of plant and equipment sold | | - | (21) |
| Employee expenses | | (688) | (718) |
| Indirect expenses | | (1,149) | (918) |
| Borrowing costs expense | | (307) | (406) |
| Depreciation expense | | (149) | (158) |
| Revaluation of investments | | 1,849 | (1,855) |
| Share of net losses of associates accounted for using the equity method | | (2,061) | (564) |
| Profit from ordinary activities before income tax expense | | 9,108 | 4,813 |
| Income tax expense | 5 | (1,472) | (1,157) |
| Net profit | | 7,636 | 3,656 |
| Net profit attributable to outside equity interest | | (17) | (13) |
| Net profit attributable to members of Gowing Bros. Limited | | 7,619 | 3,643 |
| Net increase (decrease) in asset revaluation reserve | | - | - |
| Total changes in equity other than those resulting from transactions with owners as owners | 6 | 7,619 | 3,643 |
| Basic earnings per share | | 16.84 cents | 8.07 cents |
| Diluted earnings per share | | 16.84 cents | 8.07 cents |

The above statement of financial performance should be read in conjunction with the accompanying notes.

GOWING BROS. LIMITED

ABN 68 000 010 471
STATEMENT OF FINANCIAL POSITION

HALF YEAR ENDED 31 JANUARY 2005

| | Notes | Consolidated | |
|---|-------|---------------------------------------|--|
| | | Half year to 31 Jan 2005 \$'000 | Full year to 31 July 2004 \$'000 |
| Current Assets | | | |
| Cash assets | | 12,149 | 3,003 |
| Receivables | | 841 | 1,580 |
| Investment loans | | 3,580 | 7,360 |
| Other financial assets | | 1,948 | - |
| Inventory | | 3 | - |
| Other | | 512 | 218 |
| Total Current Assets | | 19,033 | 12,161 |
| Non-Current Assets | | | |
| Receivables | | 560 | 397 |
| Investments accounted for using the equity method | | - | 2,221 |
| Other financial assets | | 30,754 | 36,125 |
| Investment loans | | 2,389 | 1,260 |
| Development properties | | 817 | 738 |
| Investment properties | | 58,187 | 53,854 |
| Plant & equipment | | 2,397 | 2,515 |
| Tax assets | | 842 | 877 |
| Other | | 17 | 29 |
| Total Non-Current Assets | | 95,963 | 98,016 |
| Total Assets | | 114,996 | 110,177 |
| Current Liabilities | | | |
| Payables | | 886 | 1,052 |
| Interest bearing liabilities | | 637 | 1,071 |
| Tax liabilities | | 1,158 | 1,236 |
| Provisions | | 60 | - |
| Total Current Liabilities | | 2,741 | 3,359 |
| Interest bearing liabilities | | 10,115 | 10,443 |
| Tax liabilities | | 963 | 780 |
| Provisions | | 65 | 62 |
| Total Non-Current Liabilities | | 11,143 | 11,285 |
| Total Liabilities | | 13,884 | 14,644 |
| Net Assets | | 101,112 | 95,533 |
| Equity | | | |
| Parent Entity Interest | | | |
| Contributed equity | | 7,322 | 7,799 |
| Reserves | | 68,645 | 68,645 |
| Retained profits | 6 | 25,128 | 19,089 |
| Total parent entity interest | | 101,095 | 95,533 |
| Outside equity interest in controlled entities | 7 | 17 | - |
| Total Equity | | 101,112 | 95,533 |

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

GOWING BROS. LIMITED

ABN 68 000 010 471

STATEMENT OF CASH FLOWS

HALF YEAR ENDED 31 JANUARY 2005

| | Consolidated | |
|--|---------------------------------------|---------------------------------------|
| | Half year to 31 Jan 2005 \$'000 | Half year to 31 Jan 2004 \$'000 |
| Cash Flows from Operating Activities | | |
| Receipts from customers (inclusive of GST) | 3,536 | 5,794 |
| Payments to suppliers & employees (inclusive of GST) | (2,444) | (1,479) |
| Dividends received | 1,461 | 1,223 |
| Interest received | 856 | 768 |
| Borrowing costs | (294) | (99) |
| Income taxes paid | (1,331) | (286) |
| Net Cash Inflows (Outflows) from Operating Activities | 1,784 | 5,921 |
| Cash Flows from Investing Activities | | |
| Payments for purchases of plant & equipment | (30) | (40) |
| Payments for purchases of equity investments | (4,539) | (6,983) |
| Payments for purchase of property | (5,263) | (412) |
| Proceeds from sale of plant & equipment | - | 21 |
| Proceeds from sale of equity investments | 20,700 | 5,628 |
| Proceeds from sale of property | 989 | 488 |
| Loans to other entities | (1,628) | (8,600) |
| Proceeds from loan repayments | - | 3,120 |
| Net Cash Inflows (Outflows) from Investing Activities | 10,229 | (6,778) |
| Cash Flows from Financing Activities | | |
| Proceeds from borrowings | 353 | 379 |
| Proceeds from issues of shares | 4 | - |
| Payments for shares bought back | (904) | - |
| Repayment of lease liabilities | (260) | (294) |
| Repayment of borrowings | (667) | (5,406) |
| Dividends paid | (1,206) | (1,169) |
| Net Cash Inflows (Outflows) from Financing Activities | (2,680) | (6,490) |
| Net Increase (Decrease) in Cash Held | 9,333 | (7,347) |
| Cash at the beginning of the financial year | 2,778 | 11,916 |
| Cash at the end of the financial year | 12,111 | 4,569 |
| Non-cash financing activities | | - |
| Reconciliation of cash | | |
| Cash at bank and on hand | 12,149 | 4,601 |
| Deposits at call | - | - |
| Bank overdraft | (38) | (32) |
| Total cash at end of period | 12,111 | 4,569 |

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

GOWING BROS. LIMITED

ABN 68 000 010 471

NOTES TO THE FINANCIAL STATEMENTS

HALF YEAR ENDED 31 JANUARY 2005

1. BASIS OF PREPARATION OF HALF YEAR FINANCIAL REPORT

This general purpose financial report for the interim half-year reporting period ended 31 January 2005 has been prepared in accordance with Accounting Standard AASB 1029 *Interim Financial Reporting*, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views), other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

This interim financial report does not include all the notes of a type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 July 2004 and any public announcements made by Gowing Bros. Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

| | Property \$'000 | Investments \$'000 | Intersegment \$'000 | Consolidated \$'000 |
|---|--------------------|-----------------------|------------------------|------------------------|
| 2. SEGMENT INFORMATION | | | | |
| Business Segments - Half year to 31/1/2005 | | | | |
| Revenue from outside the consolidated entity | 2,902 | 18,925 | - | 21,827 |
| Intersegment revenue | 27 | - | (27) | - |
| Total revenue | 2,929 | 18,925 | (27) | 21,827 |
| Share of net profits of associates | - | (2,061) | - | (2,061) |
| Total segment revenue | 2,929 | 16,864 | (27) | 19,766 |
| Segment result | 1,374 | 7,734 | - | 9,108 |
| Income tax expense | | | | (1,472) |
| Net profit | | | | 7,636 |

Business Segments - Half year to 31/1/2004

| | | | | |
|--|--------------|---------------|-------------|---------------|
| Revenue from outside the consolidated entity | 3,594 | 11,713 | - | 15,307 |
| Intersegment revenue | 22 | - | (22) | - |
| Total revenue | 3,616 | 11,713 | (22) | 15,307 |
| Share of net profits of associates | 45 | (609) | - | (564) |
| Total segment revenue | 3,661 | 11,104 | (22) | 14,743 |
| Segment result | 1,903 | 2,910 | - | 4,813 |
| Income tax expense | | | | (1,157) |
| Net profit | | | | 3,656 |

GOWING BROS. LIMITED

ABN 68 000 010 471

NOTES TO THE FINANCIAL STATEMENTS

HALF YEAR ENDED 31 JANUARY 2005

| | Consolidated | |
|--|---------------------------------------|---------------------------------------|
| | Half year to 31 Jan 2005 \$'000 | Half year to 31 Jan 2004 \$'000 |
| 3. REVENUE | | |
| Revenue From Operating Activities | | |
| Proceeds on sale of long term investments | 16,420 | 5,628 |
| Proceeds on sale of property | 382 | 1,197 |
| Proceeds on sale of plant & equipment | - | 21 |
| Interest | 962 | 864 |
| Dividends | 1,461 | 1,148 |
| Rent | 2,058 | 1,960 |
| Other investment income | 316 | 4,251 |
| Other property income | 212 | 225 |
| Other income | 16 | 13 |
| | 21,827 | 15,307 |
| Revenue From Outside the Operating Activities | - | - |
| Revenue from ordinary activities (excluding equity accounted net profits of associates) | 21,827 | 15,307 |

4. OPERATING PROFIT

Individually Significant Items

Profit from ordinary activities before income tax
expense includes the following individually
significant items:

| | | |
|--|---------|---------|
| Private equity investment distributions | 59 | 4,035 |
| Revaluation of investments | 1,849 | (1,855) |
| Share of net loss of associate | (2,061) | (609) |
| Profit on sale of non-current assets investment portfolio | 6,511 | 364 |
| Loss on sale of current assets investment portfolio | (61) | - |

GOWING BROS. LIMITED

ABN 68 000 010 471

NOTES TO THE FINANCIAL STATEMENTS

HALF YEAR ENDED 31 JANUARY 2005

| | Half year to 31 Jan 2005 \$'000 | Half year to 31 Jan 2004 \$'000 |
|--|---------------------------------------|---------------------------------------|
| 5. INCOME TAX | | |
| The income tax expense for the financial year differs from the amount calculated on the profit. The differences are reconciled as follows: | | |
| Profit from ordinary activities before income tax expense | 9,108 | 4,813 |
| Prima facie tax expense on the net profit at 30% | 2,732 | 1,444 |
| Tax effect of permanent differences: | | |
| Non-assessable income | (17) | (62) |
| Share of net loss of associate | 618 | 182 |
| Non-deductible expenses | 33 | 203 |
| Revaluation of current assets | (1,065) | - |
| Accounting profit on disposal of other financial assets | (1,935) | (109) |
| Tax profit on disposal of other financial assets | 1,488 | 109 |
| Franked dividends | (421) | (580) |
| (Over) under provision for taxable income in prior year | 39 | (30) |
| Other | - | - |
| Income tax expense | 1,472 | 1,157 |

| | Half year to 31 Jan 2005 \$'000 | Full year to 31 July 2004 \$'000 |
|--|---------------------------------------|--|
| 6. RETAINED PROFITS | | |
| Retained profits at the beginning of the financial period | 19,089 | 18,088 |
| Net profit attributable to members of Gowing Bros. Limited | 7,619 | 4,056 |
| Aggregate of amounts transferred from reserves | - | - |
| Dividends provided for or paid | (1,580) | (3,055) |
| Retained profits at end of the financial period | 25,128 | 19,089 |

7. OUTSIDE EQUITY INTERESTS

| | | |
|---------------------------|----|---|
| Interest in | | |
| Contributed equity | - | * |
| Retained profits (losses) | 17 | - |
| | 17 | - |

* Interest in contributed equity is \$500

GOWING BROS. LIMITED

ABN 68 000 010 471

NOTES TO THE FINANCIAL STATEMENTS

HALF YEAR ENDED 31 JANUARY 2005

| | Half year to 31 Jan 2005 | Half year to 31 Jan 2004 |
|---|-----------------------------|-----------------------------|
| 8. RATIOS | | |
| Profit before tax/revenue | | |
| Consolidated profit (loss) from ordinary activities before tax as a percentage of revenue | 41.7% | 31.4% |
| Profit after tax/equity interests | | |
| Consolidated net profit (loss) from ordinary activities after tax attributable to members as a percentage of equity (similarly attributable) at the end of the period | 7.5% | 3.8% |
| Earnings per share (EPS) | | |
| Basic earnings per share and diluted earnings per share based on operating profit after income tax | | |
| Basic earnings per share | 16.84 cents | 8.07 cents |
| Diluted earnings per share | 16.84 cents | 8.07 cents |
| | \$'000 | \$'000 |
| Reconciliation of earnings used in calculating earnings per share: | | |
| Net profit | 7,636 | 3,656 |
| Net profit attributable to outside equity interests | (17) | (13) |
| Earnings used in calculating basic earnings per share | 7,619 | 3,643 |
| Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share and diluted earnings per share | | |
| | 45,235,011 | 45,126,306 |
| NTA backing | | |
| Net tangible asset backing per ordinary security | \$2.80 | \$2.49 |

Options

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

GOWING BROS. LIMITED

ABN 68 000 010 471

NOTES TO THE FINANCIAL STATEMENTS

HALF YEAR ENDED 31 JANUARY 2005

9. CONTROL GAINED OVER ENTITIES HAVING MATERIAL EFFECT

| | |
|--|-----|
| Name of entity (or group of entities) | NIL |
| Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period in which control was acquired | NIL |

10. DIVIDENDS

Date the dividend is payable 22 April 2005

Record date to determine entitlements to the dividend (i.e. on the basis of security holding balances established by 5.00pm or such later time permitted by SCH Business Rules) 8 April 2005

| Amount per security | Amount per security | Franked amount per security at 30% tax |
|--|---------------------|--|
| Interim dividend: Current year to 31 January 2005: | | |
| 25/10/2004 Fully franked LIC capital gain dividend | 3.5c | 3.5c |
| 22/4/2005 Fully franked dividend | 3.5c | 3.5c |
| Interim dividend: Previous year to 31 January 2004: | | |
| 23/4/2004 Fully franked dividend | 3.5 | 3.5 |

Interim dividend on all securities

| | Half year to 31 Jan 2005 \$'000 | Half year to 31 Jan 2004 \$'000 |
|--------------------------|------------------------------------|------------------------------------|
| Ordinary securities | 1,580 | 1,529 |
| Preference securities | | - |
| Other equity instruments | | - |
| Total | 1,580 | 1,529 |

Dividend plans in operation: Dividend Reinvestment Plan (DRP)
Bonus in Lieu Plan (BIL)

Last date for receipt of election notices for the dividend plans: 8 April 2005

GOWING BROS. LIMITED

ABN 68 000 010 471

NOTES TO THE FINANCIAL STATEMENTS

HALF YEAR ENDED 31 JANUARY 2005

11. DETAILS OF AGGREGATE SHARE OF PROFITS (LOSSES) OF ASSOCIATES AND JOINT VENTURE ENTITIES.

Group's share of associates' and joint venture entities':

| | Half year to 31 Jan 2005 \$'000 | Half year to 31 Jan 2004 \$'000 |
|--|---------------------------------------|---------------------------------------|
| Profit (loss) from ordinary activities before tax | (2,803) | (806) |
| Income tax on ordinary activities | 841 | 242 |
| Profit (loss) on ordinary activities after tax | (1,962) | (564) |
| Adjustments | - | - |
| Share of net profit (loss) of associates and joint venture entities | (1,962) | (564) |

12. MATERIAL INTERESTS IN ENTITIES WHICH ARE NOT CONTROLLED ENTITIES, AND JOINT VENTURE OPERATIONS.

The economic entity has an interest (that is material to it) in the following entities, and joint venture operations:

| | Percentage of ownership interest held at end of period or date of disposal | | Contribution to net profit (loss) | |
|---|--|-----------------------------|---------------------------------------|---------------------------------------|
| | Half year to 31 Jan 2005 | Half year to 31 Jan 2004 | Half year to 31 Jan 2005 \$'000 | Half year to 31 Jan 2004 \$'000 |
| Equity accounted associates, and joint venture operations: | | | | |
| G Retail Limited | *19.58% | 35.68% | (2,061) | (609) |
| Healesville Holdings Pty Limited | - ** | 33.33. % | - | - |
| Bayview Heights Estate Pty Limited | *** 100.00% | *** 100.00% | - | 45 |
| Macleay Retail Development | 50.00% | - | (2) | - |
| Bunya Pines Estate Joint Venture | 50.00% | 50.00% | 143 | 607 |
| Total | | | (1,920) | 43 |

- * G Retail Limited (previously Gowings Retail Limited) was an equity accounted associate until 31/10/04. Gowing Bros. Limited holding was reduced to 19.58% after the G Retail Limited rights issue, and this current financial asset is included at market value in the consolidated statement of financial position.
- ** Healesville Holdings Pty Limited was an equity accounted associate until 13 April 2004 when it was liquidated.
- ***Bayview Heights Estate Pty Limited was an equity accounted associate until 5 January 2004 and subsequently became a controlled entity.

GOWING BROS. LIMITED

ABN 68 000 010 471

NOTES TO THE FINANCIAL STATEMENTS

HALF YEAR ENDED 31 JANUARY 2005

13. ISSUED AND QUOTED SECURITIES AT END OF CURRENT PERIOD

| | Total No. | No.quoted |
|--|-------------------|-------------------|
| Ordinary securities | | |
| Opening Balance | 45,319,322 | 45,319,322 |
| Changes during current period | | |
| (a) Increases through issues | 176,827 | 176,827 |
| (b) Decreases through returns of capital, buybacks | (350,187) | (350,187) |
| Closing Balance | 45,145,962 | 45,145,962 |

| | | Exercise price | Expiry date |
|---------------------------------|----------|----------------|-------------|
| Options | | | |
| Balance at beginning of period | 74,000 | \$1.95 | 10 Nov 2004 |
| Converted during current period | (30,000) | \$1.95 | 10 Nov 2004 |
| Expired during current period | (44,000) | \$1.95 | 10 Nov 2004 |
| Balance at end of period | 0 | | |

14. IMPACT OF ADOPTING INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Australian Accounting Standards Board has issued new Australian standards based on International Financial Reporting Standards (AIFRS). This will be first reflected in the financial statements of Gowing Bros. Limited for the half-year ending 31 January 2006.

The company has analysed AIFRS and the likely key changes resulting from adoption are set out below:

(i) Investment Properties

Investment properties are to be measured at cost or fair value. If the company adopts the fair value model, investment properties will be recognised at current fair value, will not be depreciated, and changes will be recognised in the income statement. If the company adopts the cost model, investment properties will be carried at cost and will be depreciated.

(ii) Financial Instruments – Long term Investments

The most likely accounting change is that investments in equity securities will be measured at fair value, with changes in fair value recognised directly in equity. On realisation such amounts will be included in net profit.

(iii) Income Tax

Under AIFRS, the company will be required to recognise an additional tax asset or liability for the deferred tax effect of measuring the assets at other than cost. The tax expense or credit will be reflected either in the income statement or directly in equity.

GOWING BROS. LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
HALF YEAR ENDED 31 JANUARY 2005

15. COMMENTS BY DIRECTORS

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

Refer to Managing Director's Review of Operations.

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

Nil

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

The Company has sufficient franking credits of \$10.5 million to fully frank all dividends that have been declared.

GOWING BROS. LIMITED

ABN 68 000 010 471

DIRECTORS' DECLARATION

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

(a) the financial statements and notes set out on pages 5 to 15 are in accordance with the Corporations Act 2001, including:

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

(ii) giving a true and fair view of the consolidated entity's financial position as at 31 January 2005 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date.

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

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

J.E GOWING

Director

Sydney

11 March 2005

GOWING BROS. LIMITED

ABN 68 000 010 471

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Gowing Bros. Limited:

As lead auditor for the review of Gowing Bros. Limited for the half year ended 31 January 2005, 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 review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

S K PREEN

Partner

HLB MANN JUDD

(NSW Partnership)

Chartered Accountants

Sydney

11 March 2005

**GOWING BROS LIMITED
ABN 68 000 010 471
INDEPENDENT REVIEW REPORT**

To the Members of Gowing Bros. Limited:

Scope

We have reviewed the financial report of Gowing Bros. Limited for the half-year ended 31 January 2005, as set out on pages 5 to 16 .

The financial report includes the financial statements of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year. The company's directors are responsible for the financial report. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting", other mandatory professional reporting requirements in Australia, statutory requirements and ASX Listing Rules, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the company to meet its obligations to lodge the financial report with the Australian Securities and Investments Commission and the ASX.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report, as defined in the scope section, of Gowing Bros. Limited is not in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 January 2005 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia and ASX Listing Rules as they relate to Appendix 4D.

S K PREEN
PartnerSydney
11 March 2005**HLB MANN JUDD**
(NSW Partnership)
Chartered Accountants