

GOWING BROS. LIMITED

ABN 68 000 010 471

MANAGING DIRECTOR'S REVIEW OF OPERATIONS

for the year ended 31 July 2005

A strong year

I am pleased to report an increase in profit after tax for the year ended 31 July 2005 of 141% from \$4.056 million to \$9.795 million. The result was boosted by capital profits made on disposal of shares in our long term investment portfolio following a re-balancing of that portfolio earlier in the year.

Record Asset Backing per Share

We are also pleased with a significant increase in the underlying market value of net assets per share* of 15.5% from \$2.77 to \$3.20 adjusted for dividends paid during the period.

Final Dividend and Special Dividend

The Directors have declared a final dividend of 3.5c per share (last year 3.5c) to be paid on 25 October 2005. This dividend will be fully franked and paid out of the company's eligible capital gains tax reserve as a LIC capital gains tax dividend.

In addition to a final dividend, the Directors have declared a special dividend of 3c per share which will also be paid on 25 October 2005 out of the eligible capital gains tax reserve as a LIC capital gains tax dividend.

Outlook

As indicated above the current year has started very strongly with a bullish Australian equities market. The company is well positioned to benefit from this growth and has a high quality, diversified asset base, including listed Australian equities, prime commercial and retail property, private equity, mezzanine finance and cash on deposit.

J.E. GOWING

Managing Director

Sydney

9 September, 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
ABN 68 000 010 471

PRELIMINARY FINAL REPORT
YEAR ENDED 31 JULY 2005

RESULTS FOR ANNOUNCEMENT TO THE MARKET
in accordance with Listing Rule 4.3A

			\$'000
Revenue from ordinary activities	up	42 %	32,494
Profit from ordinary activities after tax attributable to members	up	141 %	9,795
Net profit for the period attributable to members	up	141 %	9,795

Dividends (distributions)		Amount per security
Interim dividend paid 22/04/2005	Fully franked dividend	3.5c
Final dividend to be paid on 25/10/2005	Fully franked LIC capital gains tax dividend	3.5c
Final dividend paid previous corresponding period	Fully franked LIC capital gains tax dividend	3.5c
Special dividend to be paid on 25/10/2005	Fully franked LIC capital gains tax dividend	3.0c
Special dividend paid previous corresponding period		N/A
Record date for determining entitlements to the dividend		11/10/2005

(a) A fully franked interim dividend of 3.5c was paid on 22 April 2005.

(b) A fully franked final dividend of 3.5c was declared on 7/9/2005. At 31 July 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). This will incorporate the use of LIC capital gains.

(c) A fully franked special dividend of 3.0c was declared on 7/9/2005. At 31 July 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). This will incorporate the use of LIC capital gains.

(d) The aggregate amount of the final and special dividends expected to be paid on 25/10/2005 is \$2,930,318.

Commentary on the results for the period

Refer to the Managing Director's Review.

GOWING BROS. LIMITED "AT A GLANCE"
as at 31 July 2005

INVESTMENT PORTFOLIO at market value

Listed equities*	\$69,658,000
Private equity investments	
MIT IIIA	\$715,000
Crescent Capital Partners Growth Fund	\$2,041,000
Crescent Capital Partners II LP	\$453,000
Other investments	\$2,760,000
Total private equity investments	\$5,969,000
Net interest bearing securities & receivables	\$2,402,000
Cash on hand	\$9,962,000
TOTAL INVESTMENT PORTFOLIO	\$87,991,000

*** 10 LARGEST EQUITY HOLDINGS**

BHP Billiton Limited	\$7,538,000
Westpac Banking Corporation Limited	\$6,111,000
Washington H. Soul Pattison Company Limited	\$4,800,000
Macquarie Equities (Macquarie Bank Limited)	\$3,780,000
National Australia Bank Limited	\$3,125,000
John Fairfax Holdings Limited	\$3,087,000
ANZ Banking Group Limited	\$2,980,000
Woolworths Limited	\$2,952,000
Alesco Corporation Limited	\$2,761,000
Blackmores Limited	\$2,616,000
Other holdings	\$29,908,000
TOTAL	\$69,658,000

PROPERTY PORTFOLIO at market value

Investment property by sector	
Retail	\$39,862,000
Commercial	\$20,350,000
Industrial	\$1,812,000
Residential	\$3,337,000
	\$65,361,000
Development property by sector	
Residential	\$1,050,000
TOTAL PROPERTY PORTFOLIO	\$66,411,000
TOTAL INVESTMENT & PROPERTY PORTFOLIO	\$154,402,000
Less debt (Market St Sydney)	(\$10,000,000)
NET INVESTMENT & PROPERTY PORTFOLIO	\$144,402,000
Which equates to a market value per share of	\$3.20

*\$144.402m / 45,081,822 shares on issue

Reconciliation of movement in net assets per share

Market value per share at 31/7/04	\$2.84
Less dividend paid	\$0.07
Adjusted value	\$2.77
Value at 31/07/05 (above)	\$3.20
Movement - \$ increase (12 months)	\$0.43
Movement - % increase (12 months)	15.5%

The NTA per share at market value is before providing for deferred tax on unrealised gains on its long term investment portfolio. The company is a long term investor and does not intend on disposing its long term investment portfolio. Valuations are based on managements best estimations of market prices referring to ASX prices, private equity manager reports, and with reference to the most recent property valuations and consultation with real estate advisors.

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

GOWING BROS. LIMITED
ABN 68 000 010 471

STATEMENT OF FINANCIAL PERFORMANCE
YEAR ENDED 31 JULY 2005

	Notes	2005 \$'000	2004 \$'000
Revenue from ordinary activities	3	32,494	22,633
Cost of investments sold		(13,305)	(7,217)
Cost of property sold		(668)	(940)
Cost of plant and equipment sold		-	(54)
Employee expenses		(1,507)	(1,283)
Indirect expenses		(2,567)	(1,806)
Borrowing costs expense		(798)	(704)
Depreciation expense		(300)	(314)
Revaluation of investments		(347)	(1,855)
Share of net profits of associates accounted for using the equity method		(2,061)	(3,429)
Profit from ordinary activities before income tax expense		10,941	5,031
Income tax expense	5	(1,137)	(974)
Net profit		9,804	4,057
Net (profit) / loss attributable to outside equity interest		(9)	(1)
Net profit attributable to members of Gowing Bros. Limited		9,795	4,056
Net increase (decrease) in asset revaluation reserve		-	-
Total changes in equity other than those resulting from transactions with owners as owners	6	9,795	4,056
Basic earnings per share	8	21.71c	8.97c
Diluted Earnings per Share	8	21.71c	8.97c

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

AS AT 31 JULY 2005

	Notes	2005 \$'000	Consolidated 2004 \$'000
Current Assets			
Cash assets		9,962	3,003
Receivables		1,599	1,580
Investment loans		3,591	7,360
Other financial assets		882	-
Other		419	218
Total Current Assets		16,453	12,161
Non-Current Assets			
Receivables		360	397
Investments accounted for using the equity method		-	2,221
Other financial assets (listed and unlisted equities)		36,081	36,125
Investment loans		1,294	1,260
Development properties		746	738
Investment properties		59,417	53,854
Plant & equipment		2,284	2,515
Tax assets		669	877
Other		3	29
Total Non-Current Assets		100,854	98,016
Total Assets		117,307	110,177
Current Liabilities			
Payables		1,002	1,052
Interest bearing liabilities		609	1,071
Tax liabilities		673	1,236
Total Current Liabilities		2,284	3,359
Non-Current Liabilities			
Interest bearing liabilities		12,550	10,443
Tax liabilities		876	780
Provisions		65	62
Total Non-Current Liabilities		13,491	11,285
Total Liabilities		15,775	14,644
Net Assets		101,532	95,533
Equity			
Parent Entity Interest			
Contributed equity		7,110	7,799
Reserves		25,965	68,645
Retained profits	6	68,448	19,089
Total parent entity interest		101,523	95,533
Outside equity interest in controlled entities	7	9	-
Total Equity		101,532	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
YEAR ENDED 31 JULY 2005

	Consolidated	
	2005 \$'000	2004 \$'000
Cash Flows from Operating Activities		
Receipts from customers (inclusive of GST)	7,265	8,595
Payments to suppliers & employees (inclusive of GST)	(4,878)	(2,765)
Dividends received	2,701	2,232
Dividends received from associates	-	2,955
Interest received	1,312	1,645
Borrowing costs	(700)	(350)
Income taxes paid	(1,396)	(438)
Net Cash Inflows from Operating Activities	4,304	11,874
Cash Flows from Investing Activities		
Payments for purchases of plant & equipment	(69)	(77)
Payments for purchases of equity investments	(14,330)	(11,808)
Payments for purchase of property	(6,625)	(2,070)
Proceeds from sale of plant & equipment	-	61
Proceeds from sale of investments	25,103	7,897
Proceeds from sale of property	1,324	1,134
Proceeds from cash acquired on acquisition of controlled entity	-	1
Loans to other entities	(545)	(11,165)
Loans repaid by other entities	-	5,730
Net Cash Inflows (Outflows) from Investing Activities	4,858	(10,297)
Cash Flows from Financing Activities		
Proceeds from share issues	33	16
Proceeds from borrowings	3,097	801
Payments for shares bought back	(1,526)	(193)
Repayment of lease liabilities	(530)	(589)
Repayment of borrowings	(696)	(8,413)
Dividends paid	(2,356)	(2,337)
Net Cash Outflows from Financing Activities	(1,978)	(10,715)
Net Increase (Decrease) in Cash Held	7,184	(9,138)
Cash at the beginning of the financial year	2,778	11,916
Cash at the end of the financial year	9,962	2,778
Non-cash financing activities	-	-
Reconciliation of cash		
Cash at bank and on hand	205	164
Deposits at call	9,757	2,839
Bank overdrafts	-	(225)
Total cash at end of period	9,962	2,778

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

YEAR ENDED 31 JULY 2005

1. BASIS OF PREPARATION OF PRELIMINARY FINAL REPORT

This preliminary general purpose final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

The accounting policies adopted in the preliminary final report are consistent with those adopted and disclosed in the 2004 annual financial report.

This report is based on financial statements which are in the process of being audited.

	Property Operations \$'000	Investments \$'000	Intersegment Eliminations \$'000	Consolidated \$'000
2. SEGMENT INFORMATION				
Business Segments - 2005				
Revenue from outside the consolidated entity	6,341	26,153	-	32,494
Intersegment revenue	56	-	(56)	-
Total revenue	6,397	26,153	(56)	32,494
Share of net profits/(losses) of associates	-	(2,061)	-	(2,061)
Total segment revenue	6,397	24,092	(56)	30,433
Segment result	2,480	8,461	-	10,941
Income tax expense				(1,137)
Net profit				9,804

Business Segments - 2004

Revenue from outside the consolidated entity	6,543	16,090	-	22,633
Intersegment revenue	44	-	(44)	-
Total revenue	6,587	16,090	(44)	22,633
Share of net profits/(losses) of associates	58	(3,487)	-	(3,429)
Total segment revenue	6,645	12,603	(44)	19,204
Segment result	3,344	1,687	-	5,031
Income tax expense				(974)
Net profit				4,057

GOWING BROS. LIMITED
ABN 68 000 010 471

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2005

	2005 \$'000	2004 \$'000
3. REVENUE		
Revenue From Operating Activities		
Proceeds on sale of long term investments	20,823	7,897
Proceeds on sale of property	961	1,784
Proceeds on sale of plant & equipment	-	61
Interest	1,887	1,734
Dividends	2,701	2,291
Rent	4,167	3,817
Other investment income	1,214	4,566
Other property income	424	428
Other income	317	55
	32,494	22,633
Revenue from outside the operating activities	-	-
Revenue from ordinary activities (excluding equity accounted net profits of associates)	32,494	22,633

4. OPERATING PROFIT

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

Private equity investment distributions	664	3,990
Revaluation of investments	(347)	(1,855)
Share of net loss of associate (G Retail Ltd)	(2,061)	(3,487)
Profit on sale of investments	7,518	680
Profit on sale of property	293	843
Share of net profit of associate (Bayview Heights Estate Pty Ltd)	-	45
Share of net profit of associate (Healesville Holdings Pty Ltd: Burrawang Ridge Estate)	-	13

GOWING BROS. LIMITED

ABN 68 000 010 471

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2005

	2005 \$'000	2004 \$'000
5. INCOME TAX EXPENSE		
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	10,941	5,031
Prima facie tax expense on the net profit at 30%	3,282	1,509
Tax effect of permanent differences:		
Share of net (profit)/loss of G Retail Limited accounted for using the equity method	618	1,046
Non-assessable income	29	(844)
Non-deductible expenses	2	7
Revaluation of current assets	(1,619)	-
Accounting profit on disposal of other financial assets	(2,255)	(180)
Tax profit on disposal of other financial assets	1,815	183
Franked dividends	(774)	(717)
Under/(over) provision in prior year	39	(30)
Income tax expense	1,137	974
6. RETAINED PROFITS		
Retained profits at the beginning of the financial year	19,089	18,088
Net profit attributable to members of Gowing Bros Limited	9,795	4,056
Aggregate of amounts transferred from reserves	42,670	-
Dividends paid	(3,106)	(3,055)
Retained profits at end of the financial year	68,448	19,089
7. OUTSIDE EQUITY INTERESTS		
Interest in		
Contributed equity	-	-
Retained profits	9	-
	9	-

GOWING BROS. LIMITED

ABN 68 000 010 471

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2005

	2005	2004
8. RATIOS		
Profit before tax/revenue		
Consolidated profit/(loss) from ordinary activities before tax as a percentage of revenue	33.7%	22.2%
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	9.6%	4.2%
Earnings per share (EPS)		
Basic earnings per share and diluted earnings per share based on operating profit after income tax		
Basic earnings per share	21.71c	8.97c
Diluted earnings per share	21.71c	8.97c
	\$'000	\$'000
Reconciliation of earnings used in calculating earnings per share:		
Net profit	9,804	4,057
Net profit attributable to outside equity interests	(9)	(1)
Earnings used in calculating basic earnings per share	9,795	4,056
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share and diluted earnings per share	45,081,822	45,206,664
Net Tangible Asset (NTA) backing		
NTA per ordinary security before tax on unrealised gains ^{1*}	\$3.20	\$2.84
NTA per ordinary security after tax on unrealised gains ^{2*}	\$3.02	\$2.71

1. The NTA per share at market value is before providing for deferred tax on unrealised gains on its long term investment portfolio. The company is a long term investor and does not intend on disposing its long term investment portfolio. Valuations are based on managements best estimations of market prices referring to ASX prices, private equity manager reports, and with reference to the most recent property valuations and consultation with real estate advisors.

2. Under current accounting standards, the company is required to provide for tax on any gains that would arise on such a theoretical disposal.

* For comparative purposes the prior period NTA backing has been restated to reflect the market value of properties at that time.

Options

No options on issue at the time of this report.

GOWING BROS. LIMITED
ABN 68 000 010 471

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 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 25/10/2005

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) 11/10/2005

Amount per security

	Amount per security	Franked amount per security at 30% tax
Final dividend: current year to 31 July 2005 fully franked LIC capital gains tax	3.5c	3.5c
Previous corresponding period fully franked	3.5c	3.5c
Special dividend: current year to 31 July 2005 fully franked LIC capital gains tax	3.0c	3.0c
Previous corresponding period fully franked	NIL	NIL
Interim dividend: current year to 31 July 2005 fully franked	3.5c	3.5c
Previous corresponding period fully franked	3.5c	3.5c

Interim and final dividends paid on all securities

	2005 \$'000	2004 \$'000
Ordinary securities	3,106	3,055
Preference securities	-	-
Other equity instruments	-	-
Total	3,106	3,055

Dividend plan in operation:

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

GOWING BROS. LIMITED
ABN 68 000 010 471

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2005

11. MATERIAL INTERESTS IN ENTITIES WHICH ARE NOT CONTROLLED ENTITIES, AND JOINT VENTURE OPERATION.

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		2005	2004
	2005	2004	\$'000	\$'000
	%	%		
Equity accounted associates, and joint venture operations:				
Associates				
GRetail Ltd*	19.58%	36%	(2,061)	(3,487)
Healesville Holdings Pty Ltd**	-	0%	-	13
Joint Venture Operations				
Bayview Heights Estate Pty Ltd***	100.00%	100%	-	45
Macleay Retail Development	50.00%	0%	(82)	-
Bunya Pines Estate Joint Venture	50.00%	50.00%	293	853
Regional Retail Properties	50.00%	0%	30	-
			(1,820)	(2,576)

* G Retail Ltd (previously Gowings Retail Ltd) was an equity accounted associate until 31/10/04. Gowing Bros. Ltd holding was reduced to 19.58% after a rights issue completed by G Retail Ltd on 29/12/2004 and this current financial asset is included at market value in the consolidated statement of financial position

** Healesville Holdings Pty Ltd was an equity accounted associate until 13 April 2004 when it was wound up.

***Bayview Heights Estate Pty Ltd 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

YEAR ENDED 31 JULY 2005

12. ISSUED AND QUOTED SECURITIES AT END OF CURRENT PERIOD

	No. quoted	Total No.
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	(414,327)	(414,327)
Closing Balance	45,081,822	45,081,822

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

13. 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

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

ABN 68 000 010 471

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2005

14. COMMENTS BY DIRECTORS

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

Refer to Managing Director's Review.

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

None

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

The Company has sufficient franking credits at 30% to fully frank all dividends that have been declared.

Other information

None

Annual meeting

The annual meeting will be held on 17 November 2005