



G O W I N G B R O S

Investing together for a secure future

APPENDIX 4D STATEMENT

For the Half Year Ended 31 January 2010

Contents

- **Results for announcement to the market**
- **Media release**
- **Appendix 4D accounts**
- **Independent Auditors' Review report**



GOWING BROS

Investing together for a secure future

Interim Financial Report

The reporting period is the half year ended 31 January 2010 with the previous corresponding period being the half year ending 31 January 2009. The results have been reviewed by the company's auditors.

Results for Announcement to the Market

- Net tangible assets per share increased 5.9% to \$3.13 compared to 31 July 2009 before allowance for deferred tax on unrealised gains and after adjustment for the discounted shareholder rights issue and dividend reinvestment plans. Net tangible assets per share after allowance for deferred tax on unrealised gains increased 5% to \$3.06. (Refer table on following page).
- Comprehensive Income increased to \$5,520,000 compared to a loss of \$15,770,000 in the prior corresponding period.
- Net profit after tax and net profit attributable to members decreased 80.3% to \$3,149,000 compared to \$15,975,000 in the prior corresponding period due to the prior period including large gains from the sale of our long term listed equity portfolio.
- Revenues decreased 27.6% to \$3,472,000 compared to \$4,799,000 in the prior corresponding period due to lower interest rates and lower dividends received.
- The directors have declared a **5c fully franked interim dividend per share** payable on 23 April 2010 with a record date of 8 April 2010. The DRP and Bonus in Lieu plans will be suspended for this dividend.



Media Release

- The company generated a total portfolio return of 5.9% before allowing for tax on unrealised gains for the 6 months ending 31 January 2010 as per the table below. Shareholders who participated in the rights issue and DRP would have benefited from the discounted issue prices.
- Our return of 5.9% compares to the market index of 10% which is a reflection of having retained high levels of cash reserves (30% of the portfolio) in anticipation of the shopping center acquisitions.
- The company announced in December 2009 that it had successfully acquired the Port Central Shopping Center for a total cost of \$60 million on a rental yield of approximately 9%. In February 2010, the company acquired the Kempsey shopping center for a total cost of \$13 million on a rental yield of approximately 11%. These yields are also attractive given their partially tax deferred nature having high depreciation benefits. The cashflow from these 2 shopping centers alone are expected to underpin the company's ordinary dividend of 10c per share per annum.
- The board and management are confident that the benefits of our newly repositioned portfolio having a diversified mix of investments in listed equities, property, private equities and cash will increase over the 2nd half of this year.
- The directors have declared a 5c fully franked interim dividend per share payable on 23 April 2010 with a record date of 8 April 2010. The DRP and Bonus in Lieu plans will be suspended for this dividend. The company has now paid a total of 30c in dividends including 20c of special dividends over the last 2 halves to 31 January 2010. This was part of its strategy to pass onto shareholders the benefits of its large LIC franking credit balance, which has now been completed.

Shareholder Returns	Net Assets Per Share	
	<u>before</u> Tax on Unrealised Gains	<u>after</u> Tax on Unrealised Gains
Net tangible assets per share as at 31 July 2009	\$3.23	\$3.18
Impact of DRP dilution	(\$0.04)	(\$0.04)
Impact of rights issue dilution	(\$0.14)	(\$0.13)
Adjusted net assets as at 31 July 2009	\$3.05	\$3.01
Net tangible assets per share as at 31 January 2010	\$3.13	\$3.06
Underlying increase in net assets	\$0.08	\$0.05
+ Ordinary dividend paid	\$0.05	\$0.05
+ Special dividend paid	\$0.05	\$0.05
Total Return	\$0.18	\$0.15
Total Return %	5.9%	5.0%
S&P ASX 200 Accumulation Index	10%	10%



GOWING BROS

Investing together for a secure future

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 2010.

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 15.

Dated at Sydney this 22nd day of March 2010 in accordance with a resolution of the directors.

J. E. Gowing
Managing Director



GOWING BROS

Investing together for a secure future

Interim Financial Report

STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTH PERIOD ENDED 31 JANUARY 2010

	Notes	31 January 2010 \$000	31 January 2009 \$000
Revenue			
Interest income		987	2,375
Listed Australian and global equities		1,048	2,024
Private equities		287	178
Investment properties		1,150	222
Total Revenue		3,472	4,799
Other Income			
Gains (losses) on disposal or revaluation of:			
- Listed Australian and global equities		3,970	15,928
- Private equities		642	(3,080)
- Investment properties		(186)	-
- Development properties		155	17
FX gains (losses)		156	468
Other income		2	856
Total Revenue and Income		8,211	18,988
Expenses			
Investment property expenses		355	120
Development property expenses		19	-
Administration expenses		115	91
Borrowing cost expenses		680	483
Depreciation expenses		39	38
Employee benefits expenses		650	262
Public company expenses		151	183
Total Expenses		2,009	1,177
Profit from continuing operations before impairment & income tax expense		6,202	17,811
Unrealised Impairment Listed Equities		2,437	-
Profit before income tax expense		3,765	17,811
Income Tax (expense)	3	(616)	(1,836)
Profit from continuing operations	5	3,149	15,975
Other Comprehensive Income			
Net increase/(decrease) in fair value of investments net of tax		2,371	(31,745)
Total Comprehensive Income		5,520	(15,770)
Basic earnings per share	6	7c	37.6c

The statement of comprehensive income should be read in conjunction with the notes as set out on pages 8 to 13.



Interim Financial Report

BALANCE SHEET

AS AT 31 JANUARY 2010

	Notes	31 January 2010 \$000	31 July 2009 \$000
Current Assets			
Cash and cash equivalents		34,732	6,808
Investment properties		1,554	3,580
Trade and other receivables		184	13,063
Commonwealth Government Securities		-	30,163
Other		481	211
Total Current Assets		36,951	53,825
Non-Current Assets			
Receivables		22	478
Listed equities		67,353	82,749
Private equities		16,042	13,732
Development properties		2,315	2,539
Investment properties		67,411	6,810
Property plant & equipment		3,275	3,311
Deferred tax assets		6,450	5,917
Other		331	331
Total Non-Current Assets		163,199	115,867
Total Assets		200,150	169,692
Current Liabilities			
Trade and other payables		2,981	13,290
Financial liabilities		-	229
Borrowings		10,124	10,842
Current tax liabilities		1,159	3,707
Total Current Liabilities		14,264	28,068
Non-Current Liabilities			
Payables		72	87
Borrowings		29,313	3,499
Provisions		186	158
Deferred tax liabilities		3,425	2,440
Total Non-Current Liabilities		32,996	6,184
Total Liabilities		47,260	34,252
Net Assets		152,890	135,440
Equity			
Parent Entity Interest			
Issued capital		15,293	(895)
Reserves	4	98,010	95,639
Retained profits	5	39,587	40,696
Total Parent Entity Interest		152,890	135,440

The balance sheet should be read in conjunction with the notes as set out on pages 8 to 13.



GOWING BROS

Investing together for a secure future

Interim Financial Report

STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTH PERIOD ENDED 31 JANUARY 2010

	31 January 2010	31 January 2009
	\$000	\$000
Equity at the beginning of the period	135,440	157,216
Profit attributable to shareholders for the period	3,149	15,975
Revaluation of investments, net of tax provided	2,371	(31,745)
Equity at the end of the period	140,960	141,446
Transactions with shareholders in their capacity as shareholders:		
Dividend Reinvestment Plan	4,259	-
Rights Issue	12,197	-
Cost of underwriting DRP & Rights Issue	(267)	-
Dividends paid	(4,259)	(2,125)
Equity at the end of the period attributable to shareholders	152,890	139,321

The statement of changes in equity should be read in conjunction with the notes as set out on pages 8 to 13.



Interim Financial Report

CASH FLOW STATEMENT

FOR THE SIX MONTH PERIOD ENDED 31 JANUARY 2010

	31 January 2010	31 January 2009
	\$'000	\$'000
Cash Flows from Operating Activities		
Receipts in the course of operations (inclusive of GST)	1,708	1,065
Payments to suppliers and employees (inclusive of GST)	(496)	(613)
Dividends received	1,040	1,811
Interest received	1,784	945
Borrowing costs	(680)	(483)
Income taxes paid	(3,740)	(5,660)
Net Cash outflow from Operating Activities	(384)	(2,935)
Cash Flows from Investing Activities		
Payments for purchases of property, plant and equipment	(3)	(50)
Payments for purchases of equity investments and Commonwealth Government Stocks	(40,567)	(60,939)
Payments for purchase of property	(60,950)	(1,378)
Proceeds from sale of equity investments	90,310	57,689
Proceeds from sale of property & other assets	2,568	3,145
Net Cash outflow from Investing Activities	(8,642)	(1,533)
Cash Flows from Financing Activities		
Proceeds from borrowings	26,000	1,264
Proceeds from shares issued	14,061	-
Repayment of borrowings	(980)	(125)
Dividends paid	(2,131)	(2,125)
Net Cash inflow/(outflow) from Financing Activities	36,950	(986)
Net increase (decrease) in Cash Held	27,924	(5,454)
Cash at the beginning of the period	6,808	51,839
Cash at the end of the period	34,732	46,385
Reconciliation of Cash		
Cash at bank and on hand	34,732	2,985
Deposits at call	-	43,400
Cash at the end of the period	34,732	46,385

The cash flow statement should be read in conjunction with the notes as set out on pages 8 to 13.



NOTES TO THE INTERIM FINANCIAL STATEMENTS

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 2009. 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 (at fair value through profit or loss).

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. If the revision affects the current and future periods then the revision is made over current and future periods accordingly.



NOTES TO THE INTERIM FINANCIAL STATEMENTS

	31 January 2010	31 January 2009
	\$'000	\$'000

2. SEGMENT INFORMATION

Business segments

The company 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 company operates only in Australia.

Segment revenue

Cash and fixed interest – interest received	987	2,375
Listed equities – dividends and option income	1,048	2,024
Private equities – distributions received	287	178
Investment properties – rent received	1,150	222
Total segment revenue	3,472	4,799

Segment other income

Listed equities – realised gains on disposal	3,970	15,927
Private equities – unrealised fair value gain/(loss)	642	(3,080)
Unrealised investment property loss	(175)	-
Realised investment property loss	(11)	-
Realised development property gains	155	17
Other income	158	1,325
Total other income	4,739	14,189
Total segment revenue and other income	8,211	18,988

Segment result

Cash and fixed interest	987	2,375
Listed equities	2,581	17,952
Private equities	890	(2,952)
Investment properties	(17)	(331)
Development properties	123	17
Other	(799)	750
	3,765	17,811
Income tax (expense) credit	616	(1,836)
Net profit	3,149	15,975



Interim Financial Report

NOTES TO THE INTERIM FINANCIAL STATEMENTS

	31 January 2010	31 July 2009
	\$'000	\$'000

2. SEGMENT INFORMATION (CONTINUED)

Segment assets

Cash and fixed interest	34,965	49,989
Listed equities	67,353	82,749
Private equities	16,042	13,732
Investment properties	68,965	10,391
Development properties	2,332	3,011
Unallocated assets	10,493	9,820
Total assets	200,150	169,692

Segment liabilities

Cash	2,264	12,930
Listed equities	-	229
Private equities	938	1,023
Investment properties	38,375	12,475
Development properties	309	843
Unallocated liabilities	5,374	6,752
Total liabilities	47,260	34,252

	31 January 2010	31 January 2009
	\$'000	\$'000

3. INCOME TAX

Prima facie tax expense on the net profit at 30%	1,129	5,343
Tax effect of permanent differences:		
Non-assessable income	-	(2,163)
Non-deductible expenses	(1)	(1)
Franked dividends	(512)	(512)
Income tax expense on operating profit	616	2,667
Under (over) provision for taxable income in prior year	-	(831)
Income Tax Expense	616	1,836



Interim Financial Report

NOTES TO THE INTERIM FINANCIAL STATEMENTS

	31 January 2010	31 July 2009
	\$'000	\$'000

4. RESERVES

Capital profits reserve	90,501	90,501
Investment revaluation reserve – listed Australian and global equities	7,509	5,138
Total Reserves	98,010	95,639

5. RETAINED PROFITS

Retained profits at the beginning of the financial period	40,696	52,937
Net profit attributable to members of Gowing Bros. Limited	3,149	6,243
Aggregate of amounts transferred to capital profit reserves	-	(7,856)
Dividends provided for or paid	(4,258)	(10,628)
Retained Profits at end of the financial period	39,587	40,696

	31 January 2010	31 January 2009
	\$'000	\$'000

6. EARNINGS PER SHARE (EPS)

Earnings reconciliation:		
Net profit	3,149	15,975
Basic and diluted earnings	3,149	15,975
Weighted average number of ordinary shares on issue used in the calculation of basic and diluted earnings per share.	45,086,918	42,513,419
Basic and diluted earnings per share	7c	37.6c
At balance date there were no options on issue.		

	31 January 2010	31 July 2009
	\$'000	\$'000

7. NET TANGIBLE ASSET BACKING

NTA per ordinary security before tax on unrealised gains	\$3.13	\$3.23
NTA per ordinary security after tax on unrealised gains	\$3.06	\$3.18

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

8. 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 2009 ¹	5.0c	2,126	24 April 2009
Special dividend 1 31 January 2009 ¹	5.0c	2,126	24 April 2009
Special dividend 2 31 January 2009 ¹	10.0c	4,251	26 June 2009
Final dividend 31 July 2009 ¹	5.0c	2,129	27 October 2009
Special dividend 31 July 2009 ¹	5.0c	2,129	27 October 2009

¹ LIC special CGT dividend

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

Interim dividend 31 January 2010	5.0c	2,495	23 April 2010
----------------------------------	------	-------	---------------

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 2010 and will be recognised in subsequent financial reports.

The Dividend Reinvestment Plan and Bonus in Lieu Plan will be suspended for the current dividend.

9. 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 2010	31 January 2009	31 January 2010	31 January 2009
	%	%	\$'000	\$'000
Joint Ventures:				
Yarrowonga	50	50	123	-
Elrington Partnership	50	50	7	-
Bunya Pines Estate Joint Venture	50	50	-	17
Regional Retail Properties	50	50	85	59
Total			215	76



NOTES TO THE INTERIM FINANCIAL STATEMENTS

10. ISSUED AND QUOTED SECURITIES AT THE END OF CURRENT PERIOD

	No. quoted	Total No.
Ordinary Securities:		
Opening Balance	42,588,378	42,588,378
Dividend Reinvestment Plan	1,759,849	1,759,849
Rights Issue	5,543,986	5,543,986
Closing Balance	49,892,213	49,892,213

11. 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 2010

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.

On the 4th February 2010 the company entered into a contract to purchase a shopping center located at Kempsey for approximately \$12.5 million. The contract was settled on 12 March 2010. The acquisition was funded from a mix of cash reserves and borrowings of \$7 million.

On the 26th February 2010 the company repaid a \$10 million loan facility which matured on that day after the completion of a 5 year term.

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

The Company has sufficient franking credits (\$13.8 million) to fully frank all dividends that have been declared.



GOWING BROS

Investing together for a secure future

Interim Financial Report

DIRECTORS' DECLARATION

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

1. the financial statements and notes set out on pages 3 to 13 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 2010 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
22 March 2010

HALF-YEAR REVIEW REPORT

To the members of Gowings Bros Limited:

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Gowings Bros Limited, which comprises the balance sheet as at 31 January 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the company.

Directors' Responsibility for the half-year financial report

The directors of the company are responsible for the preparation and fair presentation of the half-year 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 half-year 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.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the entity's financial position as at 31 January 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Gowing Bros Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

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

Independence

In conducting our review, 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 Gowings Bros Limited on 17 March 2010, would be in the same terms if provided to the directors as at the time of this auditor's review report.

Conclusion

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 of Gowings Bros Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the entity's financial position at 31 January 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim financial Reporting* and the *Corporations Regulations 2001*.

Sydney
22 March 2010



HLB MANN JUDD
Chartered Accountants



B Rose
Partner