



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 2012**

### Contents

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

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## Interim Financial Report

The reporting period is the half-year ended 31 January 2012 with the previous corresponding period being the half-year ended 31 January 2011. The results have been reviewed by the company's auditors.

### RESULTS FOR ANNOUNCEMENT TO THE MARKET

The reporting period is half-year ended 31 January 2012 with the previous corresponding period being the year ended 31 July 2011.

Shareholder Returns	Before tax on unrealised gains	After tax on unrealised gains
Net tangible assets per share as at 31 July 2011	\$3.11	\$3.07
<b>Net tangible assets per share as at 31 Jan 2012</b>	<b>\$3.09</b>	<b>\$3.05</b>
+ Underlying increase in net assets	(\$0.02)	(\$0.02)
+ Ordinary dividend paid	\$0.055	\$0.055
<b>Total Return</b>	<b>\$0.035</b>	<b>\$0.035</b>
<b>Total Return %</b>	<b>1.1%</b>	<b>1.1%</b>
S&P ASX 200 Accumulation Index	-1.2%	-1.2%

- Gowings' net assets per share was \$3.09 as at 31 January 2012 before allowing for tax on unrealised capital gains. If the company were to sell its entire long term investment portfolio, its net assets per share after tax paid would be \$3.05 per share.
- Net assets per share increased by 3.5c during the period less 5.5c in fully franked dividends paid to shareholders. The 3.5c increase represents a 1.1% total return during an ongoing uncertain environment in which the ASX Accumulation Index generated a negative return of -1.2% (refer table above).



## RESULTS FOR ANNOUNCEMENT TO THE MARKET

For the 6 months ended	31 Jan 2011	31 Jan 2012	Change
	(\$'000)	(\$'000)	Movement
<b>Recurring Revenue</b>			%
Interest income	683	412	(40%)
Listed equities	1,496	1,110	(26%)
Private equities	88	107	22%
Investment property	6,457	7,415	15%
<b>Total Recurring Revenue</b>	<b>8,724</b>	<b>9,044</b>	<b>4%</b>
<b>Expenses</b>			
Investment property	1,919	2,457	28%
Administration	137	223	63%
Borrowing cost	1,384	1,848	34%
Depreciation	44	56	27%
Employee	755	876	16%
Public Company	151	143	(5%)
<b>Total Recurring Expenses</b>	<b>4,390</b>	<b>5,603</b>	<b>28%</b>
<b>Net Recurring Income</b>	<b>4,334</b>	<b>3,441</b>	<b>(21%)</b>

**Recurring Revenue** (dividends, rent, interest received) increased by 4% during the 6 months to \$9.0 million (2011: \$8.7 million). The re-allocation of the investment portfolio towards property saw rental receipts increase by 15% or \$958,000 to \$7,415,000. This increase was partially offset by lower dividends received of \$386,000 and lower interest income of \$271,000 given the lower levels of listed equities and cash reserves. Interest income was impacted by lower average interest rates received during the period. Whilst recurring revenue increased by 4% during the period, the increase was reduced by a number of 'one-off' items which affected the comparison of revenue between periods; Prior period Investment Property income included \$157,000 of one-off tenant charges from earlier years. Prior period Investment Property income included income from development properties sold of \$263,000. Current period Investment Property Income included some short term vacancies in relation to Port Central which re-located or re-leased 10 tenancies.

**Recurring expenses** (investment property expenses, borrowing costs and company overheads) increased 28% during the period to \$5.6 million (2011: \$4.4m). 'Investment property expenses' increased by 28% or \$538,000 primarily due to the newly acquired Palms shopping Centre of \$486,000 with a further \$52,000 of increases across the remaining property assets. 'Administration expenses' increased by 63% or \$86,000 due to an increase in consultancy fees and IT expenses.



## RESULTS FOR ANNOUNCEMENT TO THE MARKET

**Recurring expenses** (Continued) 'Borrowing costs' increased by 34% or \$464,000 due to \$217,000 of interest incurred on the new \$14 million Palms facility. The balance of the increase of \$247,000 relates to a prior year penalty interest charge levied by the Australian Tax Office. This new charge is being disputed by Gowings and we have been successful in obtaining an \$82,000 reduction subsequent to the half year end.

'Depreciation' has increased from \$44,000 to \$56,000 due to additional plant and equipment required for the head office management of the shopping centres.

'Employee Expenses' at the head office level have increased by 16% or \$121,000 due to an increase in head count associated with the acquisition of the Palms.

'Public company expenses' have decreased by 5%.

Net profit after tax and net profit attributable to members decreased 46.1% to \$2.1 million from \$4.0 million in the prior corresponding period.

Total Comprehensive income decreased by 62% to \$1.9 million from \$5.1 million due to realized and unrealized loss on listed equities and rise in operating expenses predominately due to the acquisition of the Palms Shopping Centre.

The Directors have resolved to declare a fully franked ordinary interim dividend of 5.5c (2011: 5.5c).

The 5.5c fully franked ordinary dividend has a record date of 12 April 2012 payable on 27 April 2012.



## 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 2012.

### 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 directors' 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 17.

Dated at Sydney this 30<sup>th</sup> day of March 2012 in accordance with a resolution of the directors.

J. E. Gowing  
Managing Director



## Interim Financial Report

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 JANUARY 2012

	Notes	31 January 2012 \$000	31 January 2011 \$000
<b>Revenue</b>			
Interest income		412	683
Listed Australian and global equities		1,110	1,496
Private equities		107	88
Investment properties		7,415	6,457
<b>Total Revenue</b>		<b>9,044</b>	<b>8,724</b>
<b>Other Income</b>			
Gains (losses) on disposal or revaluation of:			
- Listed Australian and global equities		(892)	(547)
- Private equities		(71)	1,041
- Investment properties		-	1,360
- Development properties		-	(617)
FX gains (losses)		161	(515)
Other income		-	20
<b>Total Revenue and Income</b>		<b>8,242</b>	<b>9,466</b>
<b>Expenses</b>			
Investment property expenses		2,447	1,909
Development property expenses		10	10
Administration expenses		223	137
Borrowing cost expenses		1,848	1,384
Depreciation expenses		56	44
Employee benefits expenses		876	755
Public company expenses		143	151
<b>Total Expenses</b>		<b>5,603</b>	<b>4,390</b>
<b>Profit from continuing operations before income tax expense</b>		<b>2,639</b>	<b>5,076</b>
Income Tax (expense)	3	(495)	(1,099)
<b>Profit from continuing operations</b>	2	<b>2,144</b>	<b>3,977</b>
<b>Other Comprehensive Income</b>			
Net increase/(decrease) in fair value of investments net of tax		(235)	1,098
<b>Total Comprehensive Income</b>		<b>1,909</b>	<b>5,075</b>
<b>Basic earnings per share</b>	7	<b>4.4c</b>	<b>8c</b>

The statement of comprehensive income should be read in conjunction with the notes as set out on pages 9 to 15.



## Interim Financial Report

## BALANCE SHEET

AS AT 31 JANUARY 2012

	Notes	31 January 2012 \$000	31 July 2011 \$000
<b>Current Assets</b>			
Cash and cash equivalents		17,969	27,736
Investment properties		3,650	3,650
Trade and other receivables		713	535
Other		885	683
<b>Total Current Assets</b>		<b>23,217</b>	<b>32,604</b>
<b>Non-Current Assets</b>			
Receivables		16	10
Listed equities		25,085	36,195
Private equities		12,899	14,286
Development properties		2,357	2,354
Investment properties	4	130,304	95,717
Property plant & equipment		3,311	3,301
Deferred tax assets		7,485	7,485
Other		331	331
<b>Total Non-Current Assets</b>		<b>181,788</b>	<b>159,679</b>
<b>Total Assets</b>		<b>205,005</b>	<b>192,283</b>
<b>Current Liabilities</b>			
Trade and other payables		1,415	1,390
Borrowings		2,106	2,136
Current tax liabilities		-	996
Provisions		113	118
<b>Total Current Liabilities</b>		<b>3,634</b>	<b>4,640</b>
<b>Non-Current Liabilities</b>			
Payables		62	62
Borrowings		47,034	33,034
Provisions		236	117
Deferred tax liabilities		4,521	4,126
<b>Total Non-Current Liabilities</b>		<b>51,853</b>	<b>37,339</b>
<b>Total Liabilities</b>		<b>55,487</b>	<b>41,979</b>
<b>Net Assets</b>		<b>149,518</b>	<b>150,304</b>
<b>Equity</b>			
Issued capital		13,294	13,294
Reserves	5	94,906	95,141
Retained profits	6	41,318	41,869
<b>Total Equity</b>		<b>149,518</b>	<b>150,304</b>

The balance sheet should be read in conjunction with the notes as set out on pages 9 to 15.



## Interim Financial Report

### STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 JANUARY 2012

	Contributed Equity \$'000	Capital Profits Reserve- Pre CGT Profits \$'000	Investment Revaluation Reserve- Listed Equities \$'000	Retained Earnings \$'000	Total \$'000
<b>Balance at 1 August 2010</b>	<b>15,294</b>	<b>90,503</b>	<b>5,407</b>	<b>40,518</b>	<b>151,722</b>
<b>Total comprehensive income for the half-year</b>	-	-	1,098	3,977	5,075
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	-	-	-	-	-
Dividends paid	-	-	-	(2,495)	(2,495)
	-	-	-	(2,495)	(2,495)
<b>Balance at 31 January 2011</b>	<b>15,294</b>	<b>90,503</b>	<b>6,505</b>	<b>42,000</b>	<b>154,302</b>
<b>Balance at 1 August 2011</b>	<b>13,294</b>	<b>90,503</b>	<b>4,638</b>	<b>41,869</b>	<b>150,304</b>
<b>Total comprehensive income for the half-year</b>	-	-	(235)	2,144	1,909
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	-	-	-	-	-
Dividends paid	-	-	-	(2,695)	(2,695)
	-	-	-	(2,695)	(2,695)
<b>Balance at 31 January 2012</b>	<b>13,294</b>	<b>90,503</b>	<b>4,403</b>	<b>41,318</b>	<b>149,518</b>

The statement of changes in equity should be read in conjunction with the notes as set out on pages 9 to 15.





## Interim Financial Report

### STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 JANUARY 2012

	31 January 2012	31 January 2011
	\$'000	\$'000
<b>Cash Flows from Operating Activities</b>		
Receipts in the course of operations (inclusive of GST)	8,069	6,649
Payments to suppliers and employees (inclusive of GST)	(4,316)	(4,261)
Dividends received	1,218	1,584
Interest received	491	751
Borrowing costs	(1,729)	(1,342)
Income taxes paid	(1,193)	(1,775)
<b>Net Cash inflow/(outflow) from Operating Activities</b>	<b>2,540</b>	<b>1,606</b>
<b>Cash Flows from Investing Activities</b>		
Payments for purchases of property, plant and equipment	(66)	(34)
Payments for purchases of equity investments	-	(12,443)
Payments for purchase of property	(34,587)	(1,423)
Proceeds from sale of equity investments	11,082	8,741
Proceeds from sale of property & other assets	(5)	384
<b>Net Cash outflow from Investing Activities</b>	<b>(23,576)</b>	<b>(4,775)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from borrowings	14,000	-
Proceeds from shares issued	-	-
Repayment of borrowings	(36)	(32)
Dividends paid	(2,695)	(2,495)
<b>Net Cash inflow/(outflow) from Financing Activities</b>	<b>11,269</b>	<b>(2,527)</b>
<b>Net increase (decrease) in Cash Held</b>	<b>(9,767)</b>	<b>(5,696)</b>
Cash at the beginning of the period	27,736	30,882
<b>Cash at the end of the period</b>	<b>17,969</b>	<b>25,186</b>

The statement of cash flows should be read in conjunction with the notes as set out on pages 9 to 15.



## **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 annual financial report of the company as at and for the year ended 31 July 2011. 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 Australian Accounting Standards 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 values 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 2012	31 January 2011
	\$'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	412	683
Listed equities – dividends and option income	1,110	1,496
Private equities – distributions received	107	88
Investment properties – rent received	7,415	6,457
<b>Total segment revenue</b>	<b>9,044</b>	<b>8,724</b>

**Segment other income**

Listed equities – realised gains(losses) on disposal	(892)	(547)
Private equities – unrealised fair value gain/(loss)	(71)	1,041
Unrealised investment property gain/(loss)	-	1,360
Unrealised development property loss	-	(750)
Realised investment property loss	-	-
Realised development property gains	-	133
Other income	161	(495)
<b>Total other income</b>	<b>(802)</b>	<b>742</b>

**Total segment revenue and other income**

	<b>8,242</b>	<b>9,466</b>
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**Segment result**

Cash and fixed interest	412	683
Listed equities	218	949
Private equities	36	1,129
Investment properties	3,370	3,778
Development properties	(10)	123
Other	(1,387)	(1,586)
	2,639	5,076
Income tax expense (credit)	495	1,099
<b>Net profit</b>	<b>2,144</b>	<b>3,977</b>



## NOTES TO THE INTERIM FINANCIAL STATEMENTS

	31 January 2012	31 July 2011
	\$'000	\$'000

### 2. SEGMENT INFORMATION (CONTINUED)

#### Segment assets

Cash and fixed interest	17,969	28,271
Listed equities	25,085	36,195
Private equities	12,899	14,286
Investment properties	133,954	99,367
Development properties	2,357	2,361
Unallocated assets	12,741	11,803
<b>Total assets</b>	<b>205,005</b>	<b>192,283</b>

#### Segment liabilities

Cash	-	-
Listed equities	-	-
Investment properties	49,100	35,125
Unallocated liabilities	6,387	6,854
<b>Total liabilities</b>	<b>55,487</b>	<b>41,979</b>

	31 January 2012	31 January 2011
	\$'000	\$'000

### 3. INCOME TAX

Prima facie tax expense on the net profit at 30%	792	1,523
Tax effect of permanent differences:		
Non-deductible expenses	(1)	(2)
Franked dividends	(296)	(422)
Income tax expense on operating profit	495	1,099
<b>Income Tax Expense</b>	<b>495</b>	<b>1,099</b>



## Interim Financial Report

	31 January 2012	31 July 2011
	\$000	\$000

### 4. NON-CURRENT INVESTMENT PROPERTIES

Land and buildings – at fair value	130,304	95,717
At fair value		
Balance at beginning of year	95,717	94,359
Transfers from non-current to current	-	(3,076)
Acquisition of Properties	34,587	2,135
Net gain (loss) from fair value adjustment	-	2,299
Balance at end of year	130,304	95,717

	31 January 2012	31 January 2011
	\$'000	\$'000

### Amounts recognised in profit or loss for investment purposes

Rental revenue	7,415	6,457
Direct operating expenses from rental generating properties	(2,457)	(1,909)
	4,958	4,548

Changes in fair values of investment properties are recorded in other income.

	Valuation Method	Acquisition Date	Cost including All additions \$'mil	Cap Rate (%)	Valuation 31 January 2012 \$'mil	31 July 2011 \$'mil
Port Central SC						
Port Macquarie NSW	(a)	Dec 2009	61.6	9.0%	63.9	63
Kempsey Central SC						
Kempsey, NSW	(a)	Mar 2010	15.2	9.5%	15.2	14.3
Moonee Beach SC						
Moonee Beach, NSW	(a)	May 2010	13.2	9.5%	13.2	13.2
Palms SC						
Coffs Harbour, NSW	(a)	Nov 2011	32.7	10.2%	32.7	-
35-39 Wharf St						
Forster NSW	(b)	Feb 2005	1.5	n/a	1.5	1.5
Other Properties	(b)	1997 – 2006	3.8	n/a	3.8	3.8
Total			128.0		130.3	95.8

(a) Fair value is based on capitalisation rates, which reflect tenant profile, lease expiry, development potential and the underlying physical condition of the centre, applied to projected net rental income of each property. Further information used to support capitalisation rates have been provided in the table below.

	<i>Port Central Shopping Centre</i>	<i>Kempsey Central Shopping Centre</i>	<i>Moonee Beach Shopping Centre</i>	<i>Palms Shopping Centre</i>
Acquisition date	18-Dec-09	12-Mar-10	13-May-10	4-Nov-11
Period of ownership	25 months	22 months	20 months	3 months
Age of centre	16.5 years	3.5 years	5.5 years	27 years
Location	Port Macquarie	Kempsey	Coffs Harbour	Coffs Harbour
Shopping centre type	Sub-regional	Neighbourhood	Neighbourhood	Sub-regional
Majors	Super IGA, Target	Coles, Target	Coles	Big W, Best & Less
Specialties	61	14	36	46
Specialty occupancy	97%	64%	28%	91%

(b) Current prices in an active market for properties of similar nature or recent prices of different nature in less active markets.



## Interim Financial Report

## NOTES TO THE INTERIM FINANCIAL STATEMENTS

	31 January 2012	31 July 2011
	\$'000	\$'000

**5. RESERVES**

Capital profits reserve	90,503	90,503
Investment revaluation reserve – listed Australian and global equities	4,403	4,638
<b>Total Reserves</b>	<b>94,906</b>	<b>95,141</b>

**6. RETAINED PROFITS**

Retained profits at the beginning of the financial period	41,869	40,518
Net profit attributable to members of Gowing Bros. Limited	2,144	6,541
Dividends provided for or paid	(2,695)	(5,190)
<b>Retained Profits at end of the financial period</b>	<b>41,318</b>	<b>41,869</b>

	31 January 2012	31 January 2011
	\$'000	\$'000

**7. EARNINGS PER SHARE (EPS)**

Earnings reconciliation:		
Net profit	2,144	3,977
Basic and diluted earnings	2,144	3,977
Weighted average number of ordinary shares on issue used in the calculation of basic and diluted earnings per share.	49,003,325	49,892,213
<b>Basic and diluted earnings per share</b>	<b>4.4c</b>	<b>8c</b>

At balance date there were no options on issue.

	31 January 2012	31 July 2011
	\$'000	\$'000

**8. NET TANGIBLE ASSET BACKING**

NTA per ordinary security before tax on unrealised gains on listed equities	\$3.09	\$3.11
NTA per ordinary security after tax on unrealised gains on listed equities	\$3.05	\$3.07

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

#### 9. DIVIDENDS

	CENTS PER SHARE	TOTAL AMOUNT \$000	DATE OF PAYMENT
The following dividends were declared and paid by the company:			
Interim dividend 31 January 2011	5.5c	2,744	21 April 2011
Final dividend 31 July 2011	5.5c	2,695	21 October 2011

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

Interim dividend 31 January 2012	5.5c	2,695	27 April 2012
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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 half-year ended 31 January 2012 and will be recognised in subsequent financial reports.

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

#### 10. 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 2012 %	31 January 2011 %	31 January 2012 \$'000	31 January 2011 \$'000
Joint Ventures:				
Yarrowonga	50	50	(10)	125
Elrington Partnership	50	50	18	95
Bunya Pines Estate Joint Venture	50	50	-	-
Regional Retail Properties	50	50	15	24
<b>Total</b>			<b>23</b>	<b>244</b>



## NOTES TO THE INTERIM FINANCIAL STATEMENTS

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

	No. quoted	Total No.
Ordinary Securities:		
Opening Balance	49,003,325	49,003,325
<b>Closing Balance</b>	<b>49,003,325</b>	<b>49,003,325</b>

### 12. COMMENTS BY DIRECTORS

#### Material factors affecting the revenue and expenses of the company for the current period.

Refer to Half-Year Update 31 January 2012

#### 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 (\$12.2million) 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 5 to 15 are in accordance with the Corporations Act 2001, including:
  - (a) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001, and;
  - (b) giving a true and fair view of the company's financial position as at 31 January 2012 and of its performance 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.

A handwritten signature in black ink, appearing to read 'J. E. Gowing'.

J. E. Gowing  
Managing Director  
30 March 2012



**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 2012 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.



**D K Swindells**  
**Partner**

**Sydney**  
**30 March 2012**

**GOWING BROS LIMITED**  
**INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of Gowing Bros Limited

We have reviewed the accompanying half-year financial report of Gowing Bros Limited, which comprises the balance sheet as at 31 January 2012, 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.

**Directors' Responsibility for the Half-Year Financial Report**

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

**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 a 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 company's financial position as at 31 January 2012 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. 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.

**HLB Mann Judd (NSW Partnership) ABN 34 482 821 289**

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**GOWING BROS LIMITED**  
**INDEPENDENT AUDITOR'S REVIEW REPORT**  
**(CONTINUED)**

**Independence**

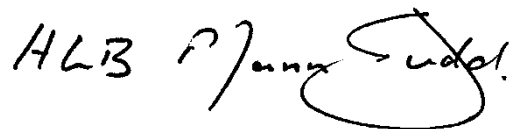
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Gowing Bros Limited, would be in the same terms if given 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 Gowing Bros Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's financial position as at 31 January 2012 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*.

A handwritten signature in black ink, appearing to read 'HLB Mann Judd' followed by a stylized signature.

**HLB MANN JUDD**  
**Chartered Accountants**

A handwritten signature in black ink, appearing to read 'D K Swindells'.

**D K Swindells**  
**Partner**

**Sydney**  
**30 March 2012**