



Enriching People's
Lives, since 1868

APPENDIX 4D | For the half-year ended 31 January 2023



G O W I N G B R O S

Investing together for a secure future

Gowing Bros. Limited

ABN 68 000 010 471

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Coffs Harbour, NSW, 2450

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RESULTS FOR ANNOUNCEMENT TO THE MARKET

The reporting period is the half-year ended 31 January 2023 with the previous corresponding period being the half-year ended 31 January 2022 unless otherwise stated. The results have been reviewed by the Company's auditors.

DIVIDENDS

Interim fully franked dividend per share	3.0 cents
The record date for the interim dividend	6 April 2023
The payment date of the interim dividend	21 April 2023

REVENUE

Total Revenue from Ordinary Activities	Down 16%	\$31.4 million
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EARNINGS

Operational Loss before tax	Down 114%	(\$0.59) million
Gain on private equities and investment properties		\$0.45 million
Other		<u>\$0.56 million</u>
Profit before tax		\$0.42 million
Income tax benefit		<u>\$0.54 million</u>
Profit after Tax attributable to members	Down 87%	<u>\$0.96 million</u>

NET ASSET PER SHARE

Net assets per share before tax on unrealised gains	Down 0.24%	\$4.02
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COMMENTS

- (1) Total Revenue decreased on the prior year largely due to a drop in sales at Surf Hardware International.
- (2) Profit After Tax decreased to \$0.96 million. For more detail refer the profit and loss on page 14 of the report.
- (3) Net assets per share before tax on unrealised gains on equities, investment properties and private equities decreased to \$4.02 during the half year 31 January 2023.
- (4) The board has elected to declare an interim 3 cents per share fully franked dividend.

Refer to the Managing Director's report for further details on the results and investments.

MANAGING DIRECTORS REPORT

ELEVEN INTEREST RATE RISES, THINGS STILL LOOKING POSITIVE “Up North”.

We are now more than halfway through our 155th year of trading. Change continues to prevail. Every little piece of certainty is replaced by a new challenge. Yesterday it was the Pandemic, mandates, lockdowns, war on the continent, a return of systematic inflation and zealous central banks yielding their blunt higher interest rate weapon. Now it is runs on banks, with eerie similarities to Lehman Bros fiasco in 2008. During the period we have taken up an interest rate swap for cash flow hedging purposes.

How quickly inflation has taken hold, particularly with petrol, energy and now food prices. The Reserve Bank with all its wisdom has now imposed 11 consecutive interest rate rises on us. Let us hope that wise Reserve Bank and Treasury Dept officials understand that inflation is caused by an excess of demand over supply. There are many intelligent fiscal actions that could be taken to free up supply and take the pressure off the Reserve Banks higher interest rate fixation. It does not seem that the current crew in Canberra have a grasp of fiscal prudence.

Now that things are back to relative normality, we have continued to see a rebound in foot traffic and trading in our Shopping Centres, comparable to pre-pandemic levels. Most of our retail leases have a percentage of turnover provision or an annual CPI uplift which to some extent should protect the underlying value of our shopping centres during the new normal period of inflation. We have seen some quite strong leasing interest and have opened several new shops with more in the pipeline. We are close to opening a shared workspace on level one in Coffs Harbour and a new Ocean Headquarters on the ground floor of Coffs Harbour to showcase our ocean lifestyle brands, FCS, Alvey, Gorilla and more.

Just prior to the year end, a binding contract was entered into by Murray Darling Ltd, to sell our farm Burrawang Station, and associated assets, including our very famous Burrawang Dorper Sheep Stud. For which we received a handsome return. In anticipation of this settlement, these funds have been redeployed into two separate rural properties in Tasmania.

SUSTAINABILITY PROGRAMME

Gowings continues to investigate and implement sustainability initiatives across all areas of our business operations. Our fundamental aim is to have as light an impact as possible on the environment. Initiatives either commenced, under investigation or completed include:

-Coffs Central rooftop solar.	<i>Underway.</i>
-Port and Coffs Central green waste composting systems.	<i>Commissioned.</i>
-EV Charging Stations.	<i>Underway.</i>
-Community geothermal system at Sawtell Commons.	<i>Seeking local council approval.</i>
-Removal of single use plastics from Gowings SHI's product range.	<i>Underway.</i>
-Carbon capture project at Logie Farm	<i>Underway.</i>

GOWINGS SURF HARDWARE INTERNATIONAL

Our wholly owned subsidiary Surf Hardware International (SHI) had a disappointing first half. Underlying gross and net profit for the half year continued to be impacted by wildly swinging exchange rate fluctuations in Japan and Europe, as the BOJ and EU did not keep up with the US Fed Reserve interest rate hikes, leading to significant devaluations in yen and the euro vs the US Dollar, and associated impacts on our gross margins.

SAWTELL COMMONS

Stage 3 at Sawtell Commons is now complete, the associated lots are registered and for sale. The market in Coffs Harbour for residential land continues to be quite strong, as there is virtually no land available apart from ours. It will be interesting to see how the market pans out, post change in the Federal Govt, 11 interest rate rises and the commencement of construction of the Coffs Harbour Bypass. The first tradies working on the Bypass have started to emerge around town.

DIVIDENDS

The Group will be declaring an interim 3c fully franked dividend.

The Company believes in maintaining a prudent approach to dividends given the capital requirements of the Company across various developments and investment opportunities either underway or under consideration.

OUTLOOK

The outlook continues to feature uncertainty. We are fortunately in a relatively good space "Up North", on the Mid North Coast of NSW, which has and continues to be a net beneficiary of the times.

Thank you to all our team members and the wider Gowings community for their continuing support.

PROFIT AND LOSS STATEMENT

For the half-year ended	31 Jan 2023 \$'000	31 Jan 2022 \$'000
Operational Net Income		
Interest income	161	63
Investment properties	2,608	4,069
Equities	1,172	668
Managed private equities	1	106
Surf Hardware International	(1,501)	2,164
Total Net Income from Ordinary Activities	2,441	7,070
Expenses		
Administration, public company and other	(3,031)	(2,895)
Operational (Loss) / Profit	(590)	4,175
Gains on sale or revaluation		
Investment properties – realised (losses) / gains	(15)	154
Managed private equities – realised and unrealised gains	467	1,290
Other		
Other income	561	2,566
Profit Before Tax	423	8,185
Income tax benefit / (expense)	534	(1,035)
Profit After Tax	957	7,150

KEY METRICS	31 Jan 2023 (6 months)	31 July 2022 (12 months)	31 July 2021 (12 months)	31 July 2020 (12 months)	31 July 2019 (12 months)
Net Assets*	\$214.2m	\$215.5m	\$208.6m	\$195.5m	\$206.8m
Net Assets per Share					
- Before Tax on unrealised gains*	\$4.02	\$4.03	\$3.89	\$3.64	\$3.83
Profit (loss) After Tax	\$1.0m	\$10.9m	\$10.4m	\$4.7m	(\$19.4)m
Earnings per Share	1.80c	20.42c	19.35c	8.82c	(36.07)c
Dividends per Share	4.0c	8.0c	7.0c	10.0c	11.0c
Total Shareholder Return	0.7%	5.7%	8.8%	(2.3)%	(12.8)%

* Before provision for tax on unrealised gains on equities, private equities and investment properties

GOWINGS AT A GLANCE (At Directors' Valuation)

	31 Jan 2023 \$'000	31 Jul 2022 \$'000
Strategic Investments		
Surf Hardware International (at cost)	16,000	16,000
Cobram Estates Olives	13,488	14,293
Carlton Investments	6,434	6,187
Dice Molecules	5,288	2,882
Power Pollen Accelerated Ag Technologies	1,621	1,621
Three Valley Meats	950	950
EFTsure	738	599
NSX Limited	620	600
SYMBYX	600	600
Eratos	500	500
BHP Group Limited	494	387
Other Investments – Australia	11,950	16,135
Other Investments - International	2,531	1,978
Total	61,214	62,732
Private Equity Funds		
Our Innovation Fund I	2,838	2,265
OurCrowd Australia	1,010	1,181
Our Innovation Fund II	573	435
Skalata Fund II	289	300
Other Private Equity Funds	653	465
Total	5,363	4,646
Pacific Coast Shopping Centre Portfolio		
Sub-regional and Neighbourhood shopping centres	199,697	198,575
Borrowings	(94,310)	(94,310)
Total	105,387	104,265
Other Direct Properties		
Sawtell Commons - Residential Subdivision	21,176	17,809
Solitary 30 – Coffs Harbour Development Land	3,862	3,864
Other Properties	9,940	15,282
Borrowings	-	(1,000)
Total	34,978	35,955
Cash and Other		
Cash (AUD)	4,679	7,673
Cash (USD)	4,410	4,388
Tax Liabilities	(14,021)	(13,304)
Surf Hardware International Consolidation Impact	(5,077)	(4,517)
Other Assets & Liabilities	17,226	13,618
Total	7,217	7,858
Net Assets before tax on unrealised gains on equities, private equities and investment properties	214,159	215,456
Provision for tax on unrealised gains on equities, private equities and investment properties	(12,345)	(13,513)
Net Assets after tax on unrealised gains on equities, private equities and investment properties	201,814	201,943

PACIFIC COAST SHOPPING CENTRE PORTFOLIO

We are pleased to report that retail trading conditions continued to improve over the past six month period consistently across our three shopping centres. It is the first “normal” trading period we have experienced in quite a while. Our retailers reported much stronger Christmas sales this year when compared to the prior year which was adversely impacted by the pandemic.

This positive rebound in consumer retail sentiment is reflected in double digit rates of increase in both centre foot traffic and retailer sales levels across the portfolio. We are proud to have supported our retailers through the darkest days of the pandemic and to finally see them turn a corner and be rewarded by more buoyant trading conditions.

Whilst we hope that this positive trend continues, we expect the impact of rising interest rates may dampen demand levels as the quest to reduce inflationary pressures that have built up in the world economy. Let's hope we are able to navigate the “soft landing” that the Government and Reserve Bank is focussing on.

Our shopping centre portfolio continues to benefit from the large population growth being experienced on the NSW north coast and is well positioned strategically to further capitalise on the substantial public and private infrastructure investment and development pipeline currently underway and planned.

The rebound in retail trading conditions has seen a solid increase in leasing enquiries across our shopping centre portfolio. We have been taking a highly selective approach to identifying quality retailers with on trend offers that meet our strategic leasing criteria in order to create a vibrant and experiential shopping experience to meet the needs of our shoppers both now and in the future.

Coffs Central



We are pleased to report a number of exciting new retailers and offers that are coming soon to Coffs Central.

Maggie's Petco, a well established boutique local retailer specialising in pet care products and accessories will be joining our dynamic retailer mix at Coffs Central in the next few months. The new shop fit out is well underway and there are many excited clients awaiting the opening day. Given that Coffs Central is now “dog friendly” we anticipate a very positive response from the local market.

Construction activity on the exciting new Shared Work Hub “G-Sphere” is in full swing and is expected to be completed and open in the second half of this year. This will be a very innovative offer providing the flexible work spaces required with the shift towards more central and flexible work spaces with technology to enable greater collaboration and team building from a regional centre.

We expect to announce a number of new exciting new retailers opening with us in Coffs Central in the coming months.

Port Central



Port Central continues to trade strongly given the strong mix of national and boutique retailers and vacancies remain at minimal levels.

We are pleased to report that OPSM opened their doors with us during the period with a stunning high quality fit out and is trading strongly to date.

We are also very excited to announce that Sushia has opened at Port Central with a high impact fit out and will set a new benchmark for Japanese cuisine to the local market.

We continue to work through several important and strategic renewals with major retailers that will further strengthen and underpin the centre going forward.

OTHER PROPERTIES AND PROPERTIES UNDER DEVELOPMENT

Sawtell Commons - At time of writing 17 of Sawtell Commons Stage 3 lots have been sold and registration occurred in early March. We anticipate that now registered further sales will occur, and settle between now and July which will be represented in our 31 July 2023 accounts.

We have appointed Sawtell Real Estate Co as an exclusive agent to sell the current lots and have embarked on a marketing campaign and concentrated sales strategy. Demand for housing remains buoyant in Northern NSW.

Planning and design for the works required in the next Stage 4 land release has commenced, however all significant capital expenditure and construction contracts are on hold until we realise further sales in Stage 3.

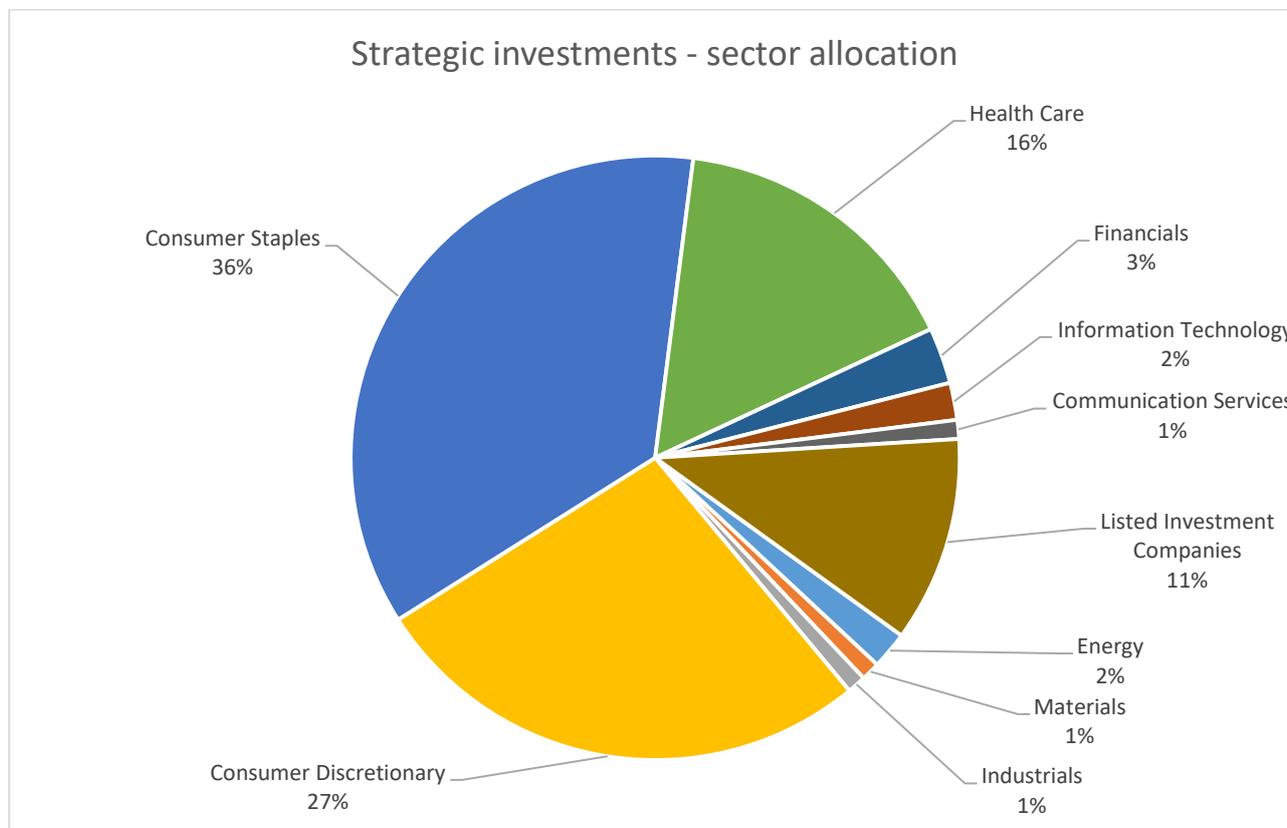


Solitary 30 - The Jetty development site located at 357 Harbour Drive paves the way for an exciting new mixed-use development for Gowings. We are in the process of reviewing DAs and designs and working closely with Council. The site represents a strong opportunity and the land value has increased substantially during our period of ownership and the finalisation of the government Jetty Precinct Plan.

Bong Bong – In August 2022 the Group realised it's joint venture interest in Bong Bong, a Regional Retail Shopping Centre located in Bowral NSW for \$5.5 Million dollars. The realisation represents a strong return on investment and has reduced overall Group Debt by \$1 million dollars.

STRATEGIC INVESTMENTS

The strategic investment portfolio was valued at \$61.2 million as at 31 January 2023.



UNLISTED INVESTMENTS

Murray Darling 31 January 2023:

During the period the Group realised its investment in Murray Darling for \$3.9 million dollars. The sale represents a great return on investment. Murray Darling found a buyer at the end of the prior financial year and was revalued upwards to reflect the buyers indicative assessment. After completing due diligence the sale took place in August 2022 and proceeds of the sale have been realised in cash as at 31 January 2023.

Accelerated AG Technologies – 31 January 2023:

Accelerated AG Technologies has technology that enables pollen to be preserved, stored and then applied at the optimal time to increase yield while minimising risks associated with today's standard seed practices. During the period Accelerated AG Technologies has conducted a successful capital raise and continues to enhance their technology offering. They are in the final stages of commercialisation and are beginning to focus on generating commercial contract revenue from large players in the space. The technology is also likely to work with wheat and rice as well as corn.

Three Valley Meats – 31 January 2023

Three Valley Meats owns and operates one of the few abattoirs in Tasmania. They are focussed on premium small batch meat production. In the current period the business has been steady. We believe that the market for bespoke Tasmanian agriculture products is growing and having the licence to operate an abattoir in Tasmania will become increasingly valuable over time.

EFTSure Pty Ltd – 31 January 2023

During the period EFTSure has conducted a successful capital raise and the Group invested on a pro-rata basis in the current raise to maintain its stake in the Company. EFTSure has a leading anti-fraud payment verification platform used widely by both Public and Private Institutions in Australia and has ambitions to expand into overseas markets such as Europe and America.

SYMBYX – 31 January 2023

SYMBYX holds the patents on medical-grade lasers available for at-home use. They have patented technology behind the products. These devices are helping to develop light therapies to treat and manage previously intractable, chronic diseases and painful inflammation related conditions. Their key focus thus far is on the treatment of Parkinson's symptoms.

In the current period the Investment has performed strongly, generating good sales and building a robust product pipeline. They are in the process of fundraising to fuel growth, expand inventory and grow the business.

Eratos – 31 January 2023:

Eratos provides a software platform focusing on data being housed and analysed for ease of use. They have a product that offers value to those using complicated data-sets to extract meaningful information. During the period the business has been focussing on reducing expenditure to increase their cash-runway and become operating cash-flow positive. They are growing revenue and running a lean operation.

Carbon Collective – 31 January 2023

The Carbon Collective is a new investment in the period. They are focused on developing technology that can assess carbon credits stored in the soil and make these available for use by small scale farmers. The technology has many applications including soil and ecosystem health which has a range of applications outside of the collection of carbon. It is an exciting opportunity for the Group.

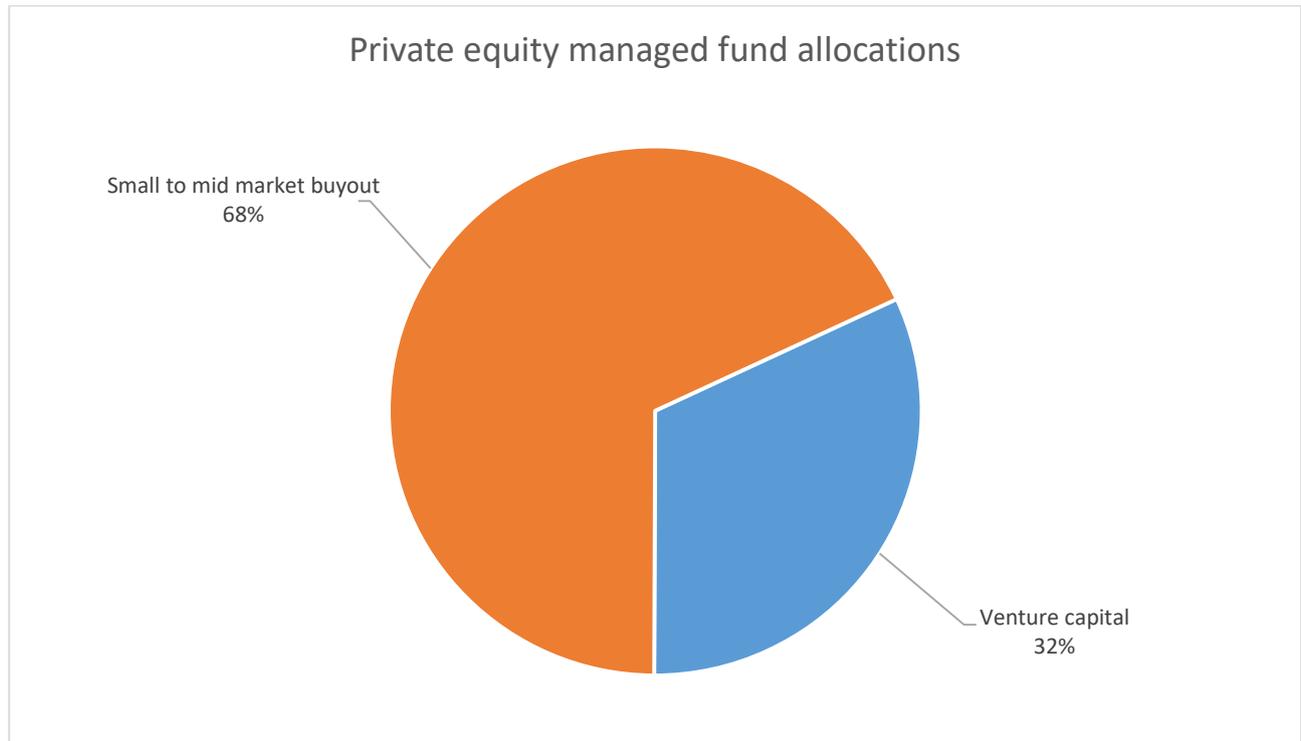
World Surfaris – 31 January 2023

World Surfaris is an Australian tourism operator exclusively servicing the sector of surf trips. It leads the surf travel industry and has a reputation for innovation, reliability, integrity and outstanding service. All their offerings are hand picked for quality. The Group is excited to further collaborate with Surf Hardware and to explore further investment and business opportunities.

Applied EV – 31 January 2023

Applied EV is a transport Company with a focus on revolutionising the industry to be cleaner, safer and more efficient. They are developing a range of commercial solutions for the likes of cars, taxis and buses. The Company prides itself on having strong software development and deep robotics capability. The Group has invested in a pre-IPO capital raise during the period.

VENTURE CAPITAL FUNDS



Our Innovation Fund I, II & III:

Our Innovation Fund is an Australian based start-up venture capital fund which is focussed on early stage technology founders. During the period the Group invested in Our Innovation Fund III, which is an exciting opportunity and under the same management as Our Innovation Fund I & II. Both have been very successful. Additionally there were upwards revaluations of some underlying portfolio companies in both Our Innovation Fund I & II. The Group expects the portfolio will continue to perform strongly and remains confident of generating good returns.

OurCrowd:

OurCrowd is a portfolio of small start up holdings ranging from venture capital to small to mid market buy out opportunities. During the period OurCrowd had a small number of realisations during the period and currently sits below investment value. This is due to a number of portfolio companies being written down or realised at a loss. The remaining portfolio of investment companies is being reviewed and assessed for any further indications of impairment in the current market conditions.

Skalata Fund II:

Skalata Fund II is an Australian based venture capital fund focussing on technology and innovation. During the period Skalata Fund II made some minor write-downs of investments in portfolio companies. One factor that is important to note is that the majority of capital in the Fund is still to be deployed. The Group is comfortable with the level of exposure to the Fund and is actively assessing any indications of impairment due to market conditions.

GOWINGS SURF HARDWARE INTERNATIONAL



The surf industry has slowed post the pandemic. A combination of returning to the workplace, together with the increases to the cost of living has had an industry wide effect on global sales.

Management has been quick to react to the change in the market and continues to be proactive in adjusting the costs of the business to meet the current economic conditions. To further enhance the future efficiency of the business, Surf Hardware is actively adopting technology to improve both internal operations and the external customer experience.



We continue to invest in product development with the view to grow our product range beyond surf and explore the broader lifestyle market. Whilst the short-term outlook remains challenging, we remain confident in the longer term as we continue to see increased participation in water sports.

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 J. West	(Non-executive Chairman)
Mr J. E. Gowing	(Managing Director)
Mr J. G. Parker	(Non-executive Director)
Mr. S. J. Clancy	(Non-executive Director)

REVIEW OF OPERATIONS

Refer to Results for Announcement to the Market.

ROUNDING OFF

The Company is of a kind referred to in ASIC Corporations (Rounding in the Financial/ Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the Directors' report and interim financial report. Amounts in the Directors' report and interim financial report have been rounded to the nearest thousand dollars in accordance with that Legislative Instrument, unless otherwise indicated.

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 William Buck Accountants and Advisors is included in page 31.

Dated this 28th day of March 2023 in accordance with a resolution of the directors.



J. E. Gowing
Managing Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE HALF-YEAR ENDED 31 JANUARY 2023

	Notes	31 Jan 2023	31 Jan 2022
		\$'000	\$'000
Revenue			
Interest income		161	63
Equities		1,172	668
Private equities		1	106
Investment properties		9,280	8,704
Sale of goods (Surf Hardware International)		20,779	27,780
Total revenue		31,393	37,321
Other Income			
Gains / (losses) on disposal or revaluation of:			
- Private equities		467	1,290
- Investment properties		(15)	154
Other income		1,002	2,566
Total revenue and other income		32,847	41,331
Expenses			
Investment properties		4,152	3,370
Finished goods, raw materials and other operating costs (Surf Hardware International)		21,365	25,528
Administration		1,599	1,343
Borrowing costs		2,802	1,325
Depreciation and amortisation		1,315	789
Employee benefits		855	511
Public company		336	280
Total expenses		32,424	33,146
Profit from continuing operations before income tax expense		423	8,185
Income tax benefit / (expense)	3	534	(1,035)
Profit from continuing operations		957	7,150
<i>Profit / (loss) from continuing operations is attributable to:</i>			
Members of Gowings Bros. Limited		959	7,145
Non-controlling interests		(2)	5
Profit from continuing operations		957	7,150

The consolidated statement of profit or loss should be read in conjunction with the notes as set out on pages 19 to 29.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 JANUARY 2023

	Notes	31 Jan 2023	31 Jan 2022
		\$'000	\$'000
Profit from continuing operations		957	7,150
Other Comprehensive Income			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations, net of tax		114	340
Changes in fair value of cash flow hedges, net of tax		265	-
<i>Items that will not be reclassified to profit or loss:</i>			
Changes in fair value of equity instruments at fair value through other comprehensive income, net of tax		667	6,313
Total Comprehensive Income		2,003	13,803
Total comprehensive income / (loss) attributable to:			
Members of Gowing Bros. Limited		2,005	13,798
Non-controlling interests		(2)	5
Total Comprehensive Income		2,003	13,803
Basic and diluted earnings per share	8	1.80c	13.3c

The consolidated statement of comprehensive income should be read in conjunction with the notes as set out on pages 19 to 29.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 JANUARY 2023

	Note	31 Jan 2023	31 Jul 2022
		\$'000	\$'000
Current assets			
Cash and cash equivalents		10,574	13,713
Inventories		17,191	12,940
Trade and other receivables		6,197	6,814
Loans receivable		296	-
Development properties		9,740	-
Other		1,485	1,190
Total current assets		45,483	34,657
Non-current assets			
Loans receivable		625	925
Equities		44,589	45,808
Private equities		5,363	4,646
Development properties		23,927	30,206
Investment properties	4	201,008	205,324
Property, plant and equipment		4,756	4,409
Intangibles		3,735	3,758
Right of use assets		2,592	1,713
Derivatives		287	-
Deferred tax assets		2,131	1,701
Other		2,782	3,049
Total non-current assets		291,795	301,539
Total assets		337,278	336,196
Current liabilities			
Trade and other payables		6,517	5,116
Borrowings	5	1,943	2,851
Lease liabilities		1,561	1,346
Current tax liabilities		2,437	2,010
Provisions		1,057	1,207
Total current liabilities		13,515	12,530
Non-current liabilities			
Trade and other payables		32	52
Borrowings	5	94,310	94,310
Lease liabilities		1,189	532
Provisions		360	321
Deferred tax liabilities		26,058	26,508
Total non-current liabilities		121,949	121,723
Total liabilities		135,464	134,253
Net assets		201,814	201,943
Equity			
Contributed equity		11,781	11,781
Reserves	6	100,248	100,309
Retained profits	7	89,783	89,849
Contributed equity & reserves attributable to members of Gowing Bros. Ltd		201,812	201,939
Non-controlling interests		2	4
Total equity		201,814	201,943

The consolidated statement of financial position should be read in conjunction with the notes as set out on pages 19 to 29.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 JANUARY 2023

	Contributed Equity	Capital Profits Reserve - Pre CGT Profits	Revaluation Reserves	Foreign Currency Translation Reserve	Hedging Reserve Cash flow hedges	Retained Profits	Non- Controlling Interests	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 August 2021	12,693	90,503	8,504	144	-	83,307	(1)	195,150
Total comprehensive income for the half-year	-	-	6,313	340	-	7,145	5	13,803
Transfer of gains on disposal of equity instruments at fair value through comprehensive income to retained earnings, net of tax	-	-	(2,918)	-	-	2,918	-	-
Transactions with owners in their capacity as owners:								
- Share buy-back	(406)							(406)
- Dividends paid	-	-	-	-	-	(2,142)	-	(2,142)
Balance at 31 Jan 2022	12,287	90,503	11,899	484	-	91,228	4	206,405
Balance at 1 August 2022	11,781	90,503	9,590	216	-	89,849	4	201,943
Total comprehensive income for the half-year	-	-	667	114	265	959	(2)	2,003
Transfer of gains on disposal of equity instruments at fair value through comprehensive income to retained earnings, net of tax	-	-	(1,107)	-	-	1,107	-	-
Transactions with owners in their capacity as owners:								
- Dividends paid	-	-	-	-	-	(2,132)	-	(2,132)
Balance at 31 Jan 2023	11,781	90,503	9,150	330	265	89,783	2	201,814

The consolidated statement of changes in equity should be read in conjunction with the notes as set out on pages 19 to 29

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 JANUARY 2023

	31 Jan 2023	31 Jan 2022
	\$'000	\$'000
Cash Flows from Operating Activities		
Receipts in the course of operations (inclusive of GST)	33,829	38,944
Payments to suppliers and employees (inclusive of GST)	(33,185)	(33,735)
Dividends and distributions received	1,173	774
Interest received	161	26
Borrowing costs paid	(2,710)	(1,325)
Income tax paid	(318)	(2,657)
Net Cash (outflow) / inflow from Operating Activities	(1,050)	2,027
Cash Flows from Investing Activities		
Payments for purchases of property, plant and equipment	(696)	(92)
Payments for purchases of intangibles	(2)	(14)
Payments for purchases of equity investments	(2,561)	(6,438)
Payments for purchase of private equity investments	(294)	(435)
Payments for loans made	(296)	(200)
Payments for purchases of investment properties	(1,386)	(478)
Payments for purchases of development properties	(3,461)	(4,933)
Proceeds from loans repayments	100	-
Proceeds from sale of equity investments	4,976	10,388
Proceeds from sale of investment properties	5,500	400
Net Cash inflow / (outflow) from Investing Activities	1,880	(1,802)
Cash Flows from Financing Activities		
Payment for share buy backs	-	(406)
Repayment of borrowings	(1,000)	-
Proceeds from borrowings	92	54
Repayment of lease liability	(929)	(529)
Dividends paid	(2,132)	(2,142)
Net Cash outflow from Financing Activities	(3,969)	(3,023)
Net decrease in cash and cash equivalents	(3,139)	(2,798)
Cash and cash equivalents at the beginning of the half-year	13,713	30,813
Cash and cash equivalents at the end of the half-year	10,574	28,015

The consolidated statement of cash flows should be read in conjunction with the notes as set out on pages 19 to 29.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

Gowings Bros. Limited ("the Company") is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The interim financial report is for the Company and its controlled entities (referred herein as "the Group").

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 Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The interim financial report does not include all the information required for a full annual financial report and should be read in conjunction with the annual financial report of the Group as at and for the year ended 31 July 2022 together with any public announcements made during the half-year.

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

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 judgement in the process of applying the Group'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 judgements 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.

Comparative information has been reclassified where appropriate to enhance comparability.

The accounting policies applied in these interim financial statements are the same as those applied in the Group's financial statements as at and for the year ended 31 July 2022.

New, revised or amending Accounting Standards and Interpretations adopted

The Group has adopted all the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of new or amending Accounting Standards and Interpretations did not result in any adjustments to the amounts recognised or disclosures in the interim financial report.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in the Financial/ Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the directors' report and interim financial report. Amounts in the directors' report and interim financial report have been rounded to the nearest thousand dollars in accordance with that Legislative Instrument, unless otherwise indicated.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

2. SEGMENT INFORMATION

Business segments

The Group comprises the following business segments, based on the Group's management reporting system:

- Cash and fixed interest
- Equities
- Private equities
- Investment properties
- Development properties
- Surf Hardware International business
- Other

For the period ended	31 Jan 2023	31 Jan 2022
	\$'000	\$'000
Segment revenue		
Cash and fixed interest – interest received	161	63
Equities – dividends and options income received	1,172	668
Private equities – distributions received	1	106
Investment properties – rent received	9,280	8,704
Surf Hardware International business – sale of goods	20,779	27,780
Total segment revenue	31,393	37,321
Segment other income		
Private equities – realised and unrealised gains in fair value	467	1,290
Investment properties – realised and unrealised (losses) / gains in fair value	(15)	154
Other	1,002	2,566
Total other income	1,454	4,010
Total segment revenue and other income	32,847	41,331
Segment result		
Cash and fixed interest	161	63
Equities	1,172	668
Private equities	468	1,396
Investment properties	2,594	4,223
Surf Hardware International business	(1,501)	2,164
Other	(2,471)	(329)
Total segment result	423	8,185
Income tax benefit / (expense)	534	(1,035)
Net profit after tax	957	7,150

NOTES TO THE INTERIM FINANCIAL STATEMENTS

2. SEGMENT INFORMATION (CONTINUED)

Inter-segment revenue

There were no inter-segment revenues during the period.

Revenue from external customers by geographical region

The Group only derived revenue during the period from customers in the Investment Properties and Surf Hardware International business segments.

For the period ended	31 Jan 2023	31 Jan 2022
	\$'000	\$'000
Australia	17,082	17,840
United States of America	5,958	8,338
Japan	3,011	4,134
Europe	4,008	6,172
Total revenue from external customers	30,059	36,484

As at	31 Jan 2023	31 Jul 2022
	\$'000	\$'000
Segment assets		
Cash and fixed interest	10,574	13,713
Equities	44,589	45,808
Private equities	5,363	4,646
Investment properties	201,008	205,324
Development properties	33,667	30,206
Surf Hardware International business	26,490	23,713
Unallocated assets	15,587	12,786
Total assets	337,278	336,196

Segment liabilities		
Investment properties	90,175	91,175
Surf Hardware International business	9,282	7,231
Unallocated liabilities	36,007	35,847
Total liabilities	135,464	134,253

Non-current assets by geographical region

Australia	279,032	290,885
United States of America	10,810	8,702
Japan	759	697
Europe	1,194	1,255
Total non-current assets	291,795	301,539

NOTES TO THE INTERIM FINANCIAL STATEMENTS

3. INCOME TAX (BENEFIT) / EXPENSE

	31 Jan 2023	31 Jan 2022
	\$'000	\$'000
Prima facie tax (benefit) / expense on the net profit at 30% (2022: 30%)	127	2,456
Tax effect of:		
Under/ (over) provision in prior year	423	(3)
Deferred tax assets not recognised and effect of tax rates in other jurisdictions	(267)	(930)
Non-assessable income / non-deductible expenses	(582)	(423)
Franked dividends	(235)	(65)
Income tax (benefit) / expense	(534)	1,035

4. NON-CURRENT INVESTMENT PROPERTIES

	31 Jan 2023	31 Jul 2022
	\$'000	\$'000
Land and buildings – at fair value		
At fair value		
Balance at beginning of period	205,324	203,595
Additions	1,386	1,054
Disposal proceeds	(5,500)	(400)
Net (loss) / gain on disposal	(15)	154
Amortisation on incentives	(187)	(329)
Net gain from fair value adjustment	-	1,250
Balance at end of period	201,008	205,324

NOTES TO THE INTERIM FINANCIAL STATEMENTS

4. NON-CURRENT INVESTMENT PROPERTIES (CONTINUED)

	31 Jan 2023	31 Jan 2022
	\$'000	\$'000
Amounts recognised in profit or loss for investment purposes		
Rental revenue	9,280	8,704
Direct operating expenses from rental generating properties	(4,152)	(3,370)
Direct finance expenses from rental generating properties	(2,519)	(1,265)
Realised (losses) / gains on investment properties	(15)	154
Total	2,594	4,223

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

	Valuation Method	Weighted average cap Rate	31 Jan 2023	31 Jul 2022
			\$'000	\$'000
Sub-regional and neighbourhood shopping centres (Coffs Central, Port Central and Kempsey Central)	(a)	6.51%	199,697	198,575
Other Properties	(b)		1,311	6,749
Total			201,008	205,324

(a) Fair value is based on capitalisation rates, which reflect vacancy rates, tenant profile, lease expiry, developing potential and the underlying physical condition of the centre. The higher the capitalisation rate, the lower the fair value.

Capitalisation rates used and the fair value adopted for each property at 31 January 2023 were based on external valuations adjusted for any changes in assumptions, estimates or source data with reference to the properties current and forecasted performance, vacancy levels, tenancy profile and recent market data.

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

Sensitivity analysis of sub-regional and neighbourhood shopping centre investment properties held at fair value

At 31 January 2023, a reduction of 0.5% in the capitalisation rate applied to each property would result in an additional gain of \$17.724 million in the consolidated statement of profit or loss and consolidated statement of other comprehensive income. Similarly, an increase of 0.5% in the capitalisation rate of each property would result in an additional loss of \$15.172 million in the consolidated statement of profit or loss and consolidated statement of other comprehensive income.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

5. BORROWINGS

	31 Jan 2023	31 Jul 2022
	\$'000	\$'000
CURRENT		
Bills payable – secured	-	1,000
Commercial advance facility – secured	1,943	1,851
	1,943	2,851
NON - CURRENT		
Bills Payable – secured*	94,310	94,310

* As at 31 January 2023, the Group's secured bills facility had a total facility limit of \$106 million of which \$11.7 million is unused at the end of the half-year. During the half-year, the Group breached the group income coverage ratio associated with this secured bills facility however this breach was waived by the lender prior to the end of the half-year. The Group however cannot draw down the \$11.7 million unused facility at the end of the half-year until such time as the group interest coverage ratio returns to a minimum of 2.5 times or on agreement with the lender.

6. RESERVES

	31 Jan 2023	31 Jul 2022
	\$'000	\$'000
Capital profits reserve – pre CGT profits	90,503	90,503
Foreign currency translation reserve	330	216
Long term investment revaluation reserve - equities	9,150	9,590
Hedging reserve	265	-
Total Reserves	100,248	100,309

7. RETAINED PROFITS

	31 Jan 2023	31 Jul 2022
	\$'000	\$'000
Retained profits at the beginning of the financial period	89,849	83,307
Net profit attributable to members of Gowing Bros. Limited	959	10,915
Transfer of gains/(losses) on disposal of equity instruments at fair value through comprehensive income to retained earnings, net of tax	1,107	(92)
Dividends provided for or paid	(2,132)	(4,281)
Retained Profits at end of the financial period	89,783	89,849

NOTES TO THE INTERIM FINANCIAL STATEMENTS

8. EARNINGS PER SHARE (EPS)

	31 Jan 2023	31 Jan 2022
	\$'000	\$'000
Earnings reconciliation:		
Basic and diluted earnings (Net profit) – Members of Gowing Bros. Limited	959	7,145
		Total No.
Weighted average number of ordinary shares on issue used in the calculation of basic and diluted earnings per share.	53,311,125	53,548,167
Basic and diluted earnings per share	1.80c	13.3c

At balance date there were no options on issue.

9. NET TANGIBLE ASSET BACKING

	31 Jan 2023	31 Jul 2022
NTA per ordinary share after allowing for tax on unrealised capital gains*	\$3.72	\$3.72
NTA per ordinary share before allowing for tax on unrealised capital gains*	\$3.95	\$3.97

* Unrealised capital gains comprise of unrealised capital gains on equities, private equities and investment properties

The Group is a long-term investor and does not intend to dispose of its investment portfolio.

The Company meets the definition of a Listed Investment Company ("LIC") for taxation purposes. Where a LIC makes a capital gain on the sale of investments held for more than one year and pays tax on this capital gain, the LIC can attach to their dividend a LIC capital gains amount, which some shareholders are able to use to claim a tax deduction. The amount that shareholders can claim as a tax deduction depends on their individual situation.

NTA per ordinary share does not include any adjustment for any LIC capital gains amount that may be attached to the Company's dividends at the end of the half-year or in future periods.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

10. FAIR VALUE

(a) Fair value Hierarchy

The Group measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other quoted prices included within level 1 that are observable for the assets or liabilities, either directly or indirectly.

Level 3: unobservable inputs for the assets or liabilities.

The following tables present the Group's assets measured and recognised on a recurring basis at fair value at 31 January 2023 and 31 July 2022. The Group does not have any liabilities measured at fair value at either reporting date.

31 January 2023	Level 1	Level 2	Level 3	Total
Assets designated at fair value through other comprehensive income				
Investments – Australian equities	28,823	-	6,327	35,150
Investments – global equities	7,819	-	1,620	9,439
Derivatives	-	287	-	287
Assets designated at fair value through profit or loss				
Investments – private equities	-	-	5,363	5,363
Investments – properties	-	-	201,008	201,008
Total assets at fair value	36,642	287	214,318	251,247

31 July 2022	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Assets designated at fair value through other comprehensive income				
Investments – Australian equities	29,903	-	9,022	38,925
Investments – global equities	4,860	-	2,023	6,883
Assets designated at fair value through profit or loss				
Investments – private equities	-	-	4,646	4,646
Investments – investment properties	-	-	205,324	205,324
Total assets at fair value	34,763	-	221,015	255,778

The Group has no assets or liabilities measured on a non-recurring basis at fair value in the current reporting period.

(b) Fair values of financial instruments not recognised at fair value

The Group has a number of financial instruments which are not measured at fair value at 31 January 2023. The carrying amounts of cash and cash equivalents, current trade and other receivables, current trade and other payables, current borrowings and current lease liabilities are assumed to approximate their fair value due to their short-term nature. The carrying amounts of non-current trade and other payables, borrowings and lease liabilities approximate their fair value as the impact of discounting is not significant.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

10. FAIR VALUE (CONTINUED)

(c) Valuation techniques used to determine fair values

Specific valuation techniques used to determine fair value include:

- The fair value of listed equities is based on quoted market prices at the reporting date.
- The fair value of directly held unlisted equity investments is determined by management valuations in accordance with the AVCAL valuation guidelines. A variety of methods are used including reference to recent shares issued and net assets of underlying investments.
- The fair value of sub-regional and neighbourhood shopping centre investment properties is determined by management with reference to the latest independent valuations prepared for each shopping centre updated for changes in operating income and capitalisation rates which reflect vacancy rates, tenant profile, lease expiry, developing potential and the underlying physical condition of the property. For other investment properties, fair value is based on current market prices in an active market for properties of similar nature or recent prices in less active markets (refer to Note 4).
- Investments in private equities primarily consist of investments in managed private equity funds, each of which consists of a number of investments in individual companies, none of which are material. Fair value of managed private equity investments has been determined using fund manager valuations, which are prepared in accordance with AVCAL Guidelines. Directors have reviewed those valuations.
- Derivatives consist of interest rate swaps. The fair value of interest rate swaps is determined with reference to the present value of the estimated future cash flows based on observable yield curves.

(d) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the period ended 31 January 2023:

	Unlisted Equities	Global Equities	Private Equities	Investment Properties	31 Jan 2023
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance 1 August 2022	9,022	2,023	4,646	205,324	221,015
Transfer (to)/from level 1	-	-	-	-	-
Total gains and (loss) recognised in profit and loss - unrealised	-	-	474	-	474
Total gains and (loss) recognised in profit and loss - realised	-	-	(7)	(15)	(22)
Total gains and (loss) recognised in other comprehensive income	(357)	(403)	-	-	(760)
Additions including purchases, transfers, tenant incentives, and straight-line rental income net of amortisation and depreciation	1,162	-	294	1,199	2,655
Sales proceeds	(3,500)	-	(44)	(5,500)	(9,044)
Closing balance 31 January 2023	6,327	1,620	5,363	201,008	214,318

Unrealised gains on private equities and investment properties are presented net of realised gains as other income in the consolidated statement of profit or loss.

Total gains on unlisted and global equities are presented in the changes in fair value of equity instruments at fair value through other comprehensive income, net of tax line item in the consolidated statement of comprehensive income.

(i) Transfers between fair value hierarchy levels and changes in valuation techniques used to determine fair value

There were no transfers between the levels of the fair value hierarchy during the period ended 31 January 2023. Transfers between the levels of the fair value hierarchy are recognised at the beginning of the reporting period. There were also no changes made to any of the valuation techniques used due to determine fair value during the period.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

10. FAIR VALUE (CONTINUED)

(ii) Significant unobservable inputs used in level 3 fair value measurements

Significant unobservable inputs used in level 3 fair value measurements relate to sub-regional and neighbourhood shopping centre capitalisation rates. Refer to Note 4 for further disclosures pertaining to these inputs.

11. DIVIDENDS

	Cents per Share	Total	Date
The following dividends were paid by the Company:		\$'000	
Final dividend 31 July 2022	4.0c	(2,132)	28 Oct 2022
Since the end of the period, the directors resolved to pay the following dividend			
Interim dividend 31 January 2023	3.0c	(1,599)	21 April 2023

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

The financial effect of the dividend resolved to be paid subsequent to reporting date has not been brought to account in the financial statements for the half-year ended 31 January 2023 and will be recognised in subsequent financial reports.

The Dividend Reinvestment Plan has been suspended for the interim dividend declared since the end of the period.

12. INTERESTS IN JOINT ARRANGEMENTS

The Group had an interest in the following joint operation which was sold on 1 August 2023.

	% OF OWNERSHIP HELD AT END OF PERIOD		CONTRIBUTION TO NET PROFIT (LOSS)	
	31-Jan-23	31-Jul-22	31-Jan-23	31-Jan-22
	%	%	\$'000	\$'000
Regional Retail Properties	-	50	(18)	35
Total	-	50	(18)	35

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

	TOTAL NO.
Ordinary Securities:	
Closing Balance	53,311,125

There was no movement in issued and quoted ordinary securities during the period.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

14. COMMENTS BY DIRECTORS

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 Group has sufficient franking credits (\$ 6.2) million to fully frank all dividends that have been declared.

15. COMMITMENTS FOR EXPENDITURE

Capital commitments

The Group has uncalled capital commitments of up to \$3.2 million in relation to private equity investments held at period end.

16. SUBSEQUENT EVENTS

Other than the dividend declared since the end of the half-year included in Note 11, no other matters or circumstances have arisen which have significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in future financial periods.

DIRECTORS' DECLARATION

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

1. the financial statements and notes set out on pages 14 to 29 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 Group's financial position as at 31 January 2023 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.



J. E. Gowing

Managing Director

28 March 2023

Gowing Bros. Limited

Auditor's Independence Declaration Under Section 307C of the Corporations Act 2001 to the Directors

I declare that, to the best of my knowledge and belief, during the half-year ended 31 January 2023 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

Yours faithfully



William Buck

Accountants & Advisors

ABN 16 021 300 521



L. E. Tutt

Partner

Sydney, 28 March 2023

Gowing Bros. Limited

Independent auditor's review report

Report on the Review of the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Gowing Bros. Limited (the Company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity), which comprises the consolidated statement of financial position as at 31 January 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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 consolidated entity's financial position as at 31 January 2023 and of its performance for the half year ended on that date; and
- b. complying with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the consolidated entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of Management for the Financial Report

The directors of the Gowing Bros. Limited 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 internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 January 2023 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*.

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.

Yours faithfully



William Buck

Accountants & Advisors

ABN 16 021 300 521



L. E. Tutt

Partner

Sydney, 28 March 2023