GOWINGS
Est. 1868

ACN 000 010 471

146th ANNUAL REPORT

31 July 2014

INVESTING TOGETHER FOR A SECURE FUTURE

CORPORATE DIRECTORY

DIRECTORS

W. A. Salier (Chairman)
J. E. Gowing (Managing Director)
J. G. Parker (Non-executive Director)
R. D. Fraser (Non-executive Director)

SECRETARY

J. S. Byers

STOCK EXCHANGE LISTING

The Australian Securities Exchange
Ticker Code: GOW

REGISTERED OFFICE

Suite 21, Jones Bay Wharf
26 - 32 Pirrama Road
Pyrmont NSW 2009
Phone: 61 2 9264 6321
Fax: 61 2 9264 6240
Email: info@gowings.com

SHARE REGISTRY OFFICE

Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2000
Phone: 1300 855 080
Fax: 61 2 8234 5050

AUDITORS

HLB Mann Judd (NSW Partnership)
Level 19, 207 Kent Street
Sydney NSW 2000
Phone: 61 2 9020 4000

CONTENTS

ABOUT GOWINGS

INVESTMENT OBJECTIVE

To maximise and protect shareholder wealth over the long term.

OUR VALUES

Patience
Discipline
Understanding
Conviction
Decisiveness
Integrity

INVESTMENT PHILOSOPHY

Investments are made across different asset classes to take advantage of changing economic cycles. Having a diversified basket of assets also assists to produce smoother returns from year to year.

Investments are made in assets which have the potential to deliver superior growth over the long term when that growth is not reflected in today's asset prices. Investments are made on a risk return basis with higher returns required for more risky assets.

As a long term investor, we seek to maximise our returns over time through the power of compound interest and minimising costs.

At Gowings, all the board of directors and management are shareholders, giving rise to our commitment to "investing together for a secure future".

TRANSPARENT COMMUNICATION

As an investor itself, Gowings values transparent information. An audit review is conducted half-yearly and formal audited financial statements are provided annually along with regular informal company updates.

All shareholder communication may be found at the company's website www.gowings.com or on the Australian Securities Exchange's website www.asx.com.au.

INVESTING IN GOWINGS

Gowings shares can be bought or sold through the Australian Securities Exchange under the ticker code GOW.

Gowings is internally managed and does not pay performance fees to an external manager in relation to the administration of the company. There are no entry or exit fees and no trailing commissions for investors in Gowings.

HISTORY

The Gowing family started the company in 1868 and continues to use the company as its principal wealth creation and preservation vehicle.

The company, under 4 generations of the Gowing family, has prospered through 146 years of economic booms and busts, world wars and market crashes. The company's origins were in retailing which soon led to significant property investments being made across Sydney's CBD. At one stage, the Gowings Market Street building completed in 1929 was the tallest building in the city.

Gowings also had an early interest in equity investments being one of the founding investors in Woolworths. In the 1950's, a significant re-allocation of capital was made into listed equities. Since then, the company's investment portfolio mix has shifted between equities, property and private equity investments according to the prospective outlook for each.

MANAGING DIRECTOR'S REVIEW OF OPERATIONS

On behalf of your board of directors and management, I am pleased to comment on the results for the year ended 31 July 2014.

Net assets per share was $3.67 as at 31 July 2014 before allowing for tax on unrealised gains. If the company were to sell its entire long term investment portfolio, its net assets per share after tax paid would be $3.47 per share.

Gowings' net assets per share increased by 38 cents after the payment of fully franked dividends of 12.0 cents per share reflecting a 15.2% total shareholder return.

Total revenue from ordinary activities of $20.4 million was 8% higher than the prior year, primarily due to increase in property income from Coffs Central Shopping Centre following completion of Stage 1 development works. Dividend income increased by 34% to $1.6 million, reflecting an increase in the value of the share portfolio and higher company dividends. Interest income decreased by 73% to $.2 million due to lower average cash balances held during the year at lower average rates of interest.

Total expenses being well contained at $14.1 million were flat on the prior year with marginal increases in property and administration expenses being offset by lower employee expenses.

Other income of $13.7 million was 181% higher than the prior year and included $12.3 million of unrealised gains on the revaluation of Port Central and Coffs Central shopping centres. The revaluations were prepared by an external registered valuer and reflect improvements in both market values and underlying income at those centres. In the prior year, Other Income included $4.9 million received from the one off recovery of a CDO security previously written off.

Profit after tax from continuing operations of $14.1 million increased by 93% on the prior year reflecting the factors described above.

Total comprehensive income of $18.8 million increased by 52% on the prior year and included a $4.8 million net increase in fair value of investments net of tax due to increases in the market value of long term equity investments.

Dividend

The board of directors has declared a **6.0c** (last year 6.0c) **fully franked final dividend** per share bringing total dividends out of 2014 profits to 12.0 cents, (2013: 12.0 cents). The final dividend of 6.0c is payable on 23 October 2014 with a record date of 9 October 2014.

Outlook

Global asset prices have recovered from their Global Financial Crisis lows largely due to the ongoing interest rate environment. The economic reality however is that conditions remain uncertain both at home and abroad.

Governments worldwide are trying to stimulate economic growth while dealing with their own fiscal imbalances creating an uncertain investment environment.

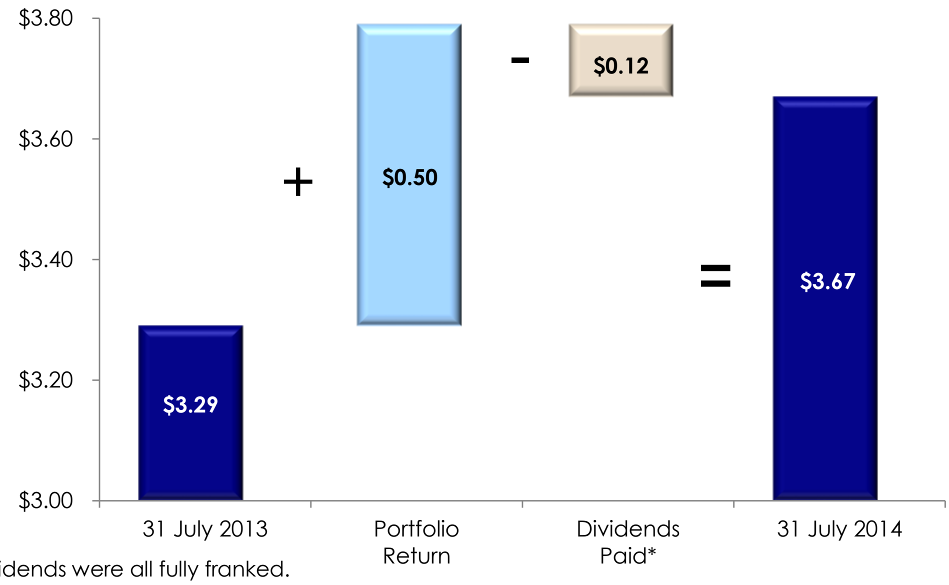
Gowings is cautious about the investment outlook for capital growth and remains focused on generating income as its principal source of investment return. Our core investments in shopping centres account for 71% of the portfolio and provide a stable source of income to pay dividends to shareholders over the long term. Operational improvements to our shopping centres and capital initiatives undertaken during the current year have improved the quality of these assets and will see financial benefits flow through to future years.

Gowings remains well positioned to protect and grow shareholder wealth over the long term with its diversified mix of quality investments across different asset classes.

John Gowing
Managing Director
29 October 2014

GOWINGS AT A GLANCE

MOVEMENT IN NET ASSETS PER SHARE



*Dividends were all fully franked.

SHAREHOLDER RETURNS

	Before tax on unrealised gains on equities and investment properties	**After** tax on unrealised gains on equities and investment properties
Net assets per share 31 July 2013	$3.29	$3.21
Net assets per share 31 July 2014	**$3.67**	**$3.47**
Increase in net assets	$0.38	$0.26
+ Ordinary fully franked dividends	$0.12	$0.12
Total Return	**$0.50**	**$0.38**
Total Return %	**15.2%**	**11.8%**

DIVIDENDS

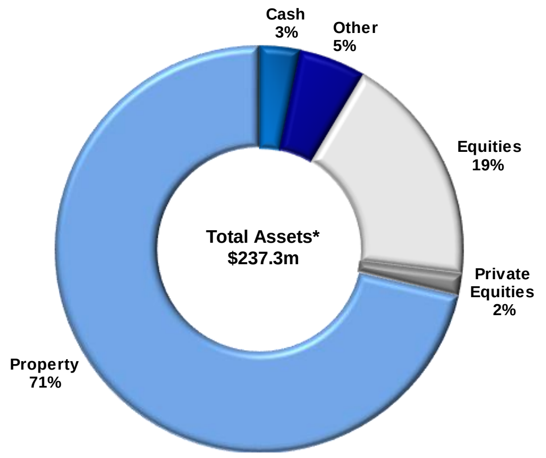
	2014 CENTS PER SHARE	2013 CENTS PER SHARE	PAYMENT DATE	FRANKING
Final dividend declared (record date 9/10/14)	6.0c		23/10/14	100%
Interim dividend paid	6.0c		24/04/14	100%
Final dividend paid		6.0c	24/10/13	100%
Interim dividend paid		6.0c	26/04/13	100%
Total	**12.0c**	**12.0c**		

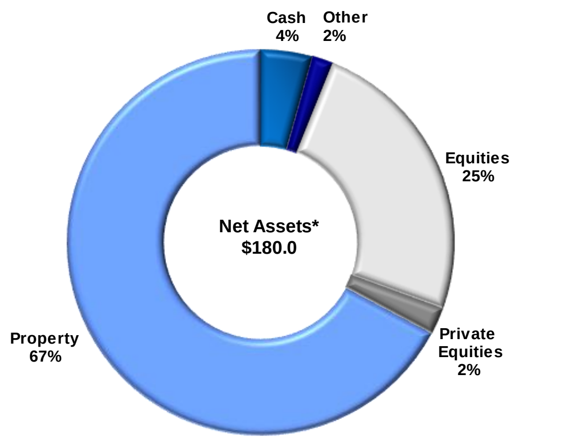
SHAREHOLDER RETURNS

	31 July 2014	31 July 2013	31 July 2012	31 July 2011	31 July 2010
Per Share	(12 months)	(12 months)	(12 months)	(12 months)	(12 months)
Opening net assets [1]	**$3.29**	$3.11	$3.11	$3.09	$3.05[2]
Closing net assets	**$3.67**	**$3.29**	**$3.11**	**$3.11**	**$3.09**
Increase	**$0.38**	$0.18	$0.00	$0.020	$0.04
+ Ordinary dividends paid during the year	**$0.12**	$0.115	$0.11	$0.105	$0.10
+ Special dividends paid	**-**	-	-	-	$0.05
Total return	**$0.50**	$0.295	$0.11	$0.125	$0.19
Total return %	**15.2%**	**9.5%**	**3.5%**	**4.0%**	**6.2%**
S&P ASX 200 Accum. Index	**16.5%**	23.8%	1.3%	2.7%	10.1%

[1] *Before allowing for tax on unrealised gains on equities and investment properties* [2] *Adjusted for the impact of the rights issue and underwritten DRP*

PORTFOLIO MIX





	31 July 2014 $	31 July 2013 $
1. CASH & OTHER		
Cash and term deposits	7,243,000	6,784,000
Unlisted bonds	501,000	503,000
Working capital **	4,093,000	2,481,000
Total Cash & Other	**11,837,000**	**9,768,000**
2. EQUITIES		
Boundary Bend Limited	6,378,000	4,061,000
Carlton Investments	4,977,000	3,868,000
Woolworths Ltd	4,875,000	4,396,000
ANZ Banking Group	4,144,000	3,631,000
UBS Magellan Fund	-	3,317,000
Blackmores Ltd	2,890,000	2,660,000
Westpac Banking Corporation	2,803,000	2,502,000
National Australia Bank	2,649,000	2,342,000
TPI Group Limited	2,000,000	2,000,000
Other holdings	13,074,000	11,273,000
Total Equities	**43,790,000**	**40,050,000**
3. PRIVATE EQUITIES		
Macquarie European Infrastructure	1,931,000	1,843,000
Macquarie Whole Sale Co-Investment Fund***	1,304,000	2,370,000
One Investment Group	498,000	215,000
AMP Capital Private Fund III	201,000	271,000
Crescent Capital Partnership Ltd***	-	751,000
ANZ Business Equity Fund***	-	438,000
Other Investments	95,000	66,000
Total Private Equities	**4,029,000**	**5,954,000**

* Before provision for tax on unrealised gains on equities and investment properties.
** Working capital consists of all other assets not defined separately above, all liabilities excluding borrowings of $49,274,000 which is included in section 4, and before provision for tax on unrealised gains on equities and investment properties.
*** Macquarie Whole Sale distributed $838,840 representing return on Lifehealthcare fund through an Initial Public Offering (IPO).
*** Crescent Capital Partnership Ltd distributed $725,762 representing return on Lifehealthcare fund through an Initial Public Offering (IPO), fund now closed.
*** ANZ, redemption of cancelled units during the year, returned capital of $398,668.

	31 July 2014 $	31 July 2013 $
4. PROPERTY		
Retail	161,182,000	148,157,000
Commercial	3,874,000	3,648,000
Industrial	500,000	500,000
Residential	1,409,000	982,000
Property Development	2,683,000	1,435,000
Borrowings	(49,274,000)	(49,100,000)
Total Property	**120,374,000**	**105,622,000**
Net assets before tax on unrealised gains on equities and investment properties	**180,030,000**	**161,394,000**
Provision for tax on unrealised gains on equities and investment properties	(9,828,000)	(4,112,000)
Net assets after tax on unrealised gains on equities and investment properties	**170,202,000**	**157,282,000**
Number of Shares Outstanding	48,996,567	49,003,325
Net assets per share before estimated tax on unrealised gains	**$ 3.67**	**$ 3.29**
Net assets per share after allowing for estimated tax on unrealised gains	**$ 3.47**	**$ 3.21**

THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

The directors are all shareholders in the company, which ensures that their interests are aligned with those of other shareholders.

DIRECTORS

Tony Salier

Chairman / Non-executive Director
B.A., LL.B (Syd), LL.M (Harvard)
Shareholding: 54,794 shares

Tony Salier has been an independent non-executive director of Gowings since 1974 and Chairman since 1995. Tony has witnessed and participated in the growth of the company under the direction of Ted Gowing and John Gowing over the past 42 years. Tony is a member of the Audit Committee.

Tony is a senior lawyer with Pigott Stinson, a long established Sydney law firm. Tony has practised corporate law in Sydney for many years and has advised a number of corporations. Tony was previously an examiner in company law for the Barristers and Solicitors Admission Board.

Tony is a trustee / director of foundations, estates and private companies with a combined investment portfolio exceeding $120 million.

John Gowing

Managing Director
Bachelor of Commerce, CA, CPA
Shareholding: 18,988,868 shares

John was first appointed as non-executive director of the company upon completion of his commerce degree from the University of New South Wales in 1983. John's experience includes Arthur Young now known as Ernst & Young where he worked for 4 years in the audit division. After finishing his professional practice year and upon graduating as a charted accountant, he accepted a fulltime position with the company as Managing Director in 1987 and he continues in the role. John is a member of the Remuneration Committee.

John Parker

Non-executive Director
Bachelor of Economics
Shareholding: 50,000 shares

John has served as an independent non-executive director of Gowings since January 2002. John is a coach with Foresight's Global Coaching, providing one-to-one business coaching to senior executives in Australia. John is Chairman of the Audit Committee.

John brings considerable experience to the board with over 33 years in equities research and funds management in Sydney, London and South Africa.

Robert Fraser

Non-executive Director
B. Ec., LL.B (Hons) (Syd)
Shareholding: 63,118 shares

Robert has served as an independent non-executive director of the Company since 2012.

Robert is a corporate adviser and company director with over 25 years of investment banking experience. He is presently the Sydney based Managing Director of TC Corporate Pty. Limited, the corporate advisory division of the stockbroking firm of Taylor Collison Limited of which he is also a Director and Principal.

Robert has Economics and Laws (Honours) degrees from the University of Sydney. He brings to the Board particular expertise in the areas of corporate and financial analysis, capital management, equity capital markets, corporate governance, investor relations and mergers and acquisitions. He is also a licensed business broker and licensed real estate agent.

Robert has extensive experience as a public company director and he is presently a non-executive director of ARB Corporation Limited, F.F.I. Holdings Limited and Magellan Financial Group Limited. In the previous 3 years, he has also served as a non-executive director of Symex Holdings Limited.

EXECUTIVE MANAGEMENT

Garth Grundy

General Manager
Bachelor of Commerce, CA, F Fin
Shareholding: 226,847 shares

Garth has 22 years of investment and corporate advisory experience gained from his past employment with Ernst & Young, Arthur Andersen, Coyne Capital and Hindal Corporate.

Garth is a Fellow of the Financial Services Institute of Australia and of the Institute of Chartered Accountants in Australia.

Garth resigned as company secretary on 14 May 2014.

Myles de Lepervanche

Chief Financial Officer
Shareholding: 44,544 shares

Myles has been an integral part of Gowings executive management team since joining the company in 2007. Myles has extensive knowledge of the company's activites including corporate finance and information technology expertise.

Stephen Byers

Executive Officer Property / Company Secretary
Bachelor of Commerce, LL.B
Shareholding: 50,000 shares

Stephen has been an integral part of the Gowings executive management team in various roles over the last 21 years at both a strategic and operational level (7 years as a consultant followed by 14 years as an employee). Stephen has been instrumental in developing the company's property development activities. Stephen also provides in-house legal counsel for the company and has previously practised in commercial and property law.

DIRECTORS' REPORT

Your directors are pleased to present their report on the company for the year ended 31 July 2014.

Results

	2014	2013
	$'000	$'000
Operating profit for the year before income tax	19,483	9,554
Income tax expense	(5,415)	(2,279)
Net profit after income tax	14,068	7,275
Net profit attributable to members of Gowing Bros. Limited	14,068	7,275

Dividends

A final fully franked dividend of 6.0 cents per share is to be paid to shareholders on 23 October 2014	$2,939,794
An interim fully franked dividend of 6.0 cents per share was paid to shareholders on 24 April 2014	$2,940,200
A final fully franked dividend of 6.0 cents per share was paid to shareholders on 24 October 2013	$2,940,200
An interim fully franked dividend of 6.0 cents per share was paid to shareholders on 26 April 2013	$2,940,200

Review of operations
The operations of the company are reviewed in the Managing Director's Review of Operations on page 2.

Environment
The company is committed to a policy of environmental responsibility in all of its business dealings. This policy ensures that when the company can either directly or indirectly influence decisions which impact upon the environment, this influence is used responsibly.

Principal activities
The principal activity of the company is investment and wealth management. The company maintains and actively manages a diversified portfolio of assets including long-term equity and similar securities, investment properties, managed private equity, property development projects and cash.

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the company other than as disclosed elsewhere in this report.

Matters subsequent to the end of the financial year
No matter or circumstance has arisen since the end of the financial year which has significantly affected, or may significantly affect, the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

Likely developments and expected results of operations
Further information on likely developments in the operations of the company is included in the Managing Director's Review of Operations on page 2.

Directors' interests
The following persons were directors of Gowing Bros. Limited either during or since the end of the year.

	DIRECTORS' INTERESTS IN SHARES AND OPTIONS OF GOWING BROS. LIMITED	
	Shares	Options
W. A. Salier - Chairman Non-Executive Bachelor of Arts, LL.B., LL.M. (Harvard) Director since 1974 Member of the Audit Committee Mr Salier is a solicitor with 47 years experience No directorships held in other listed companies over the past 3 years	54,794	-
J. E. Gowing - Managing Director Executive Bachelor of Commerce Member of The Institute of Chartered Accountants in Australia Member of CPA Australia Member of the Remuneration Committee Director since 1983 No directorships held in other listed companies over the past 3 years	18,988,868	-
J. G. Parker Non-Executive Bachelor of Economics Director since 2002 Chairman of the Audit Committee Mr Parker is a coach of senior executives, with over 33 years as an investment and equities research professional No directorships held in other listed companies over the past 3 years	50,000	-
R. D. Fraser Non-Executive Bachelor of Economics, Bachelor of Laws (Hons) Director since 2012 Member of the Audit Committee and Chairman of the Remuneration Committee Robert is a corporate adviser and company director with over 25 years of investment banking experience Robert is presently a director of Taylor Collison Limited and a non-executive director of ARB Corporation, F.F.I. Holdings Limited and Magellan Financial Group Limited In the past 3 years, Robert has served as a non-executive director of Symex Holdings Limited	63,118	-

Meetings of directors
Attendance at Board, Audit Committee & Remuneration Committee meetings by each director of the company during the financial year is set out below:

	BOARD MEETINGS		AUDIT COMMITTEE MEETINGS		REMUNERATION COMMITTEE MEETINGS	
	Meetings eligible to attend	Attended	Meetings eligible to attend	Attended	Meetings eligible to attend	Attended
W. A. Salier	10	10	2	2	-	-
J. E. Gowing	10	10	-	-	1	1
J. G. Parker	10	9	2	1	-	-
R. D. Fraser	10	10	2	2	1	1

Remuneration report
The company's remuneration report, which forms a part of the Directors' Report, is on pages 12 to 15.

Corporate governance
A statement describing the company's main corporate governance practices is on pages 16 to 18.

Auditor's Independence Declaration
A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 50.

Shares under option
There were no unissued shares under option at the date of this report.

Indemnification and insurance of directors and officers
The company's constitution provides an indemnity for every officer against any liability incurred in his capacity as an officer of the company to another person, except the company or a body corporate related to the company, unless such liability arises out of conduct involving lack of good faith on the part of the officer. The constitution further provides for an indemnity in respect of legal costs incurred by those persons in defending proceedings in which judgement is given in their favour, they are acquitted or the court grants them relief. During the year the company paid insurance premiums in respect of the aforementioned indemnities. Disclosure of the amount of the premiums and of the liabilities covered is prohibited under the insurance contract.

Non-audit services
The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company are important.

Details of the amounts paid or payable to the auditor (HLB Mann Judd, NSW Partnership) for audit and non-audit services provided during the year are set out below.

The board of directors has considered the position in accordance with advice received from the Audit Committee and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure that they do not impact the impartiality and objectivity of the auditor;
- none of the services undermine the general principles relating to auditor independence as set out in APES110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

Audit and non-audit fees
During the year the following fees were paid or payable for services provided by the auditor of the company and its related practices.

	2014 $	2013 $
1. Audit services		
Audit and review of financial reports and other audit work under the *Corporations Act 2001*	88,000	76,500
2. Taxation services		
Tax compliance services, including review of company income tax returns	18,250	12,700
General tax advisory services	950	5,450

Rounding of amounts
The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases to the nearest dollar.

Environmental regulation
No significant environmental regulations apply to the company.

This report is made in accordance with a resolution of the directors of Gowing Bros. Limited.

W. A. SALIER
Director

J. E. GOWING
Director

Sydney
29 October 2014

REMUNERATION REPORT

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001*.

Principles used to determine the nature and amount of remuneration
It is the company's objective to provide maximum stakeholder benefit from the retention of a high quality board and executive team by remunerating directors and executives fairly and appropriately with reference to relevant employment market conditions and the nature of company operations.

The Board has established a Remuneration Committee which consists of the following directors:

- R. D. Fraser, Chairman of the Remuneration Committee
- J. E. Gowing, Managing Director

Non-executive directors
For non-executive directors, remuneration is typically by way of directors' fees as described below. For the executive director and three senior executives, remuneration is by way of a fixed salary component and a discretionary incentive component as described below.

Persons who were non-executive directors of the company for all or part of the financial year ended 31 July 2014 were:

- W. A. Salier, Chairman of the Board
- J. G. Parker
- R. D. Fraser

Directors' fees
The remuneration of non-executive directors is determined in accordance with the directors' remuneration provisions of the company's constitution. Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Remuneration Committee in line with the market and approved by the Board. The Chairman's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market. Non-executive directors do not receive any performance based remuneration or share options.

There is no scheme to provide retirement benefits to non-executive directors.

Executives
Executives are officers of the company who are involved in, concerned with, take part in and are able to influence decisions in the management of the affairs of the company. Persons who were executives for all or part of the financial year ended 31 July 2014 were:

- J. E. Gowing, Managing Director
- G. J. Grundy, General Manager
- J. S. Byers, Executive Officer Property / Company Secretary
- M. D. de Lepervanche, Commercial Manager

Executive remuneration is a combination of a fixed total employment cost package and a discretionary incentive element which may be awarded by cash bonus or invitation to participate in the company's Employee Share & Option Scheme or Deferred Employee Share Plan Scheme. Remuneration is referenced to relevant employment market conditions and reviewed annually to ensure that it is competitive and reasonable.

The incentive element is awarded at the discretion of the Remuneration Committee and approved by the Board on the basis of recommendations from the Managing Director. The Managing Director's incentive element is awarded at the discretion of the Remuneration Committee and approved bythe Board. In determining the amount (if any) of bonus payments or of options or shares issued, consideration is given to an executive's effort and contribution to both the current year performance and the long term performance of the company, the scope of the executive's responsibility within the company, the scale and complexity of investments required to be managed, the degree of active management required and the degree of skill exhibited in the overall process. Regards is also given to the quantum of an executive's total remuneration.

Details of remuneration

Details of the remuneration of the directors and the key management personnel are set out in the following tables:

2014	SHORT TERM EMPLOYEE BENEFITS				SHARE BASED COMPENSATION	POST-EMPLOYMENT BENEFITS	LONG TERM BENEFITS	TOTAL
Name	Cash salary and fees $	Cash bonus $	Movement in provision for annual leave $	Non-monetary benefits $	Shares bonus $	Super-annuation $	Movement in provision for long service leave $	$
Non-executive directors								
W. A. Salier (Chairman)	80,000	-	-	-	-	-	-	80,000
J. G. Parker	50,000	-	-	-	-	10,000	-	60,000
R. D. Fraser	54,909	-	-	-	-	5,091	-	60,000
Non-executive directors	184,909	-	-	-	-	15,091	-	200,000
Executive directors								
J. E. Gowing	219,596	80,000	(30,408)	35,405	-	20,362	4,097	329,052
Other key management personnel								
G. J. Grundy	277,581	-	2,277	-	140,000	25,058	4,625	449,541
J. S. Byers	206,590	30,000	(11,763)	28,418	-	25,036	3,925	282,206
M. D. de Lepervanche	137,247	50,000	7,782	-	-	12,726	-	207,755
Total key management personnel compensation	1,025,923	160,000	(32,112)	63,823	140,000	98,273	12,647	1,468,554

2013	SHORT TERM EMPLOYEE BENEFITS				SHARE BASED COMPENSATION	POST-EMPLOYMENT BENEFITS	LONG TERM BENEFITS	TOTAL
Name	Cash salary and fees $	Cash bonus $	Movement in provision for Annual Leave $	Non-monetary benefits $	Shares bonus $	Super-annuation $	Movement in provision for long service leave $	$
Non-executive directors								
W. A. Salier (Chairman)	75,000	-		-	-	-	-	75,000
J. G. Parker	46,667	-		-	-	8,333	-	55,000
R. D. Fraser	50,448	-		-	-	4,552	-	55,000
Non-executive directors	172,115	-		-	-	12,885	-	185,000
Executive directors								
J. E. Gowing	214,067	110,000	19,363	34,164	-	19,312	6,703	403,609
Other key management personnel								
G. J. Grundy*	262,020	200,000	27,115	-	-	23,640	10,807	523,582
J. S. Byers*	204,893	114,000	19,051	34,879	-	24,484	7,885	405,192
M. D. de Lepervanche	137,615	45,872	8,329	-	-	16,542	-	208,358
Total key management personnel compensation	990,710	469,872	73,858	69,043	-	96,863	25,395	1,725,741

* During the year ended 31 July 2013, bonuses were paid to Garth Grundy ($75,000) and Stephen Byers ($69,000) that related to the 2012 year.

Share based compensation includes shares issued from the Deferred Employee Share Plan.
The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

NAME	FIXED REMUNERATION		AT RISK	
	2014 %	2013 %	2014 %	2013 %
Executive directors				
J. E. Gowing	76	73	24	27
Other key management personnel				
G. J. Grundy	69	62	31	38
J. S. Byers	89	70	11	30
M. D. de Lepervanche	76	76	24	24

Service agreements

There are no service agreements in place with W. A. Salier, J. G. Parker, R. D. Fraser, J. E. Gowing, J. S. Byers, M. D. de Lepervanche and G. J. Grundy.

Remuneration and other terms of employment for the Managing Director, executives and other key management personnel are recommended by the Remuneration Committee and approved by the Board and provide for the provision of performance-related bonuses.

Other major provisions relating to remuneration are set out below:

J. E. Gowing, *Managing Director*
- Term – no fixed term
- Base salary, inclusive of superannuation, as at 31 July 2014 of $280,000, to be reviewed annually by the Remuneration Committee
- Other benefits and non-monetary benefits included motor vehicle, car parking and FBT related charges for the year ended 31 July 2014 of $35,405
- No termination benefit is payable

G. J. Grundy, *General Manager*
- Term – no fixed term
- Base salary, inclusive of superannuation, as at 31 July 2014 of $271,018, to be reviewed annually by the Remuneration Committee
- Other benefits and non-monetary benefits included motor vehicle allowance for the year ended 31 July 2014 of $28,982
- No termination benefit is payable

J. S. Byers, *Executive Officer Property / Company Secretary*
- Term – no fixed term
- Base salary, inclusive of superannuation, as at 31 July 2014 of $250,000, to be reviewed annually by the Remuneration Committee
- Other benefits and non-monetary benefits included motor vehicle, car parking and FBT related charges for the year ended 31 July 2014 of $28,418
- No termination benefit is payable

M. D. de Lepervanche, *Financial Controller / Commercial Manager*
- Term – no fixed term
- Base salary, inclusive of superannuation, as at 31 July 2014 of $150,000, to be reviewed annually by the Remuneration Committee
- No termination benefit is payable

Additional information

Employee Share & Option Scheme:
The scheme is operational. No shares or options were issued under this scheme during the year.

Deferred Employee Share Plan Scheme:
Under this scheme cash bonuses awarded to eligible employees may be used to purchase shares previously acquired by the company as part of its on market buy back at the price paid by the company. All employees excluding directors are eligible to participate in the company's Deferred Employee Share Plan Scheme.

The company Employee Share & Option Scheme and Deferred Employee Share Plan Scheme may be utilised as a part of the award of any incentive payment for all employees.

CORPORATE GOVERNANCE

The Board of directors of Gowing Bros. Limited is responsible for the corporate governance of the company. The Board guides and monitors the business and affairs of Gowing Bros. Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

Except as otherwise noted in this corporate governance statement, Gowing Bros. Limited corporate governance practices are compliant with the Australian Securities Exchange Corporate Governance Principles and Recommendations 2nd Edition as amended, which are as follows:

Principle 1. Lay solid foundations for management and oversight;
Principle 2. Structure the board to add value;
Principle 3. Promote ethical and responsible decision making;
Principle 4. Safeguard integrity in financial reporting;
Principle 5. Make timely and balanced disclosure;
Principle 6. Respect the rights of shareholders;
Principle 7. Recognise and manage risk; and
Principle 8. Remunerate fairly and responsibly,

This corporate governance statement can be accessed from the company's website at www.gowings.com

Structure of the Board

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report are included in the Directors' Report on page 9.

The company currently has three non-executive directors, one of whom is the Chairman being Mr Tony Salier, and one executive director being the Managing Director, Mr John Gowing. All non-executive directors are considered to be independent. The Board regards a director as independent if he or she is free from any material interest in, or other material relationship with, the company, other than as a director, which could reasonably be perceived to interfere materially with the director's ability to exercise independent judgement with respect to the matter being considered. Independence and materiality are considered by the Board in the context of all of the relevant circumstances.

The functions of the Board and senior executives of the company are outlined in the company's Board Charter which is available on the company's web site.

The Chairman and the Board are responsible for evaluating the performance of the Board, its committees and individual directors as outlined in the Board Charter. The performance evaluation in relation to the year ended 31 July 2014 was undertaken in accordance with this process.

There are procedures in place, agreed by the Board, to enable directors, in furtherance of their duties, to seek independent professional advice at the company's expense.

The term in office held by each director in office at the date of this report is as follows:

Name	Term in office
Tony Salier, Chairman	40 years
John Parker	13 years
Robert Fraser	3 years
John Gowing	32 years

Diversity policy

The company's policy on diversity stipulates that there is to be no discrimination in respect of race, creed or gender when seeking potential candidates for Board positions. This policy also applies to employees. Currently the company has a board of four male members with no female members. In addition, the company has 24 employees, 13 of whom are female (representing 54% of the company's total workforce). None of the company's female employees are in senior executive positions (representing nil percentage of the workforce). The nature and size of the company's operations does not provide widespread opportunities to have a workforce covering all sections of the community. Given the company's no discrimination policy, the company has not established measurable objectives in relation to gender diversity.

Nomination Committee

The Board has not established a Nomination Committee as it does not believe this is necessary given the nature and size of the company.

All directors are appointed subject to re-election requirements of the company's Constitution, ASX Listing Rules and *Corporations Act 2001* provisions. The board performs the functions that would ordinarily be undertaken by a nomination committee. These responsibilities and the basis of selection and appointment of directors are set out in the Board Charter which is available on the company's web site.

Remuneration Committee

The company has established a Remuneration Committee that operates under a Charter approved by the Board which is available on the company's web site.

The Remuneration Committee reviews and makes recommendations to the board on remuneration packages and policies applicable to the employees of the company. It is the company's objective to provide maximum stakeholder benefit from the retention of a high quality board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions.

Details on the remuneration and all monetary and non-monetary components of the remuneration for the non-executive directors, the executive director and senior executives are set out in the Remuneration Report on pages 12 to 15. The Remuneration Report also includes details of the process for evaluating the performance of senior executives. The performance evaluation in relation to the year ended 31 July 2014 was undertaken in accordance with this process.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors.

The members of the Remuneration Committee during the year were:

R.D. Fraser, Chairman of the Remuneration Committee
J.E. Gowing, Managing Director

Given the nature and size of the company, the Board believes that the most effective structure for the Remuneration Committee is to have only two members, one of whom is the idependent Chairman of the committee.

Audit Committee

The board has established an Audit Committee that operates under a Charter which has been approved by the Board and which is available on the company's web site.

It is the Board's responsibility to ensure that an effective internal control framework exists within the company. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information. The Board has delegated to the Audit Committee the responsibility for oversight and monitoring of the effectiveness of the company's internal control framework and the effectiveness of the external audit function.

The Audit Committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports, selects and appoints an external auditor based on the company's requirements for audit services, and ensures compliance with external auditor partner rotation in accordance with Corporations law requirements.

The members of the Audit Committee during the year were:

J. G. Parker, Chairman of the Audit Committee
W. A. Salier
R. D. Fraser

Risk Management

The Audit Committee is responsible for oversight of the establishment and maintenance of the company's risk management framework.

The company's objectives in relation to risk management are to provide a safe working environment, improve business performance, manage exposures and create value through making informed and conscious risk management choices on a company-wide basis.

Each investment made by the company is subject to thorough due diligence analysis and investment decisions are made on the basis of an appropriate risk return profile.

Regular management meetings are held to monitor all major investments and assess whether each major investment continues to meet the risk return profile and the overall investment strategy and criteria of the company.

The Managing Director and the General Manager have implemented risk management and internal control systems and they have reported to the Board as to the effectiveness of the company's management of its material business risks in relation to the year ended 31July 2014. Under the direction of the board, the Managing Director and General Manager actively work to promote a culture of safety within the business and ensure that, to the best of our ability in a manner consistent with best practice, the company's public open space in the shopping centre is safe for employees and the public.

The Board has received assurance from the Managing Director and the General Manager that the declaration provided in accordance with section 295A of the *Corporations Act 2001* is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Continuous Disclosure Policy

The Board has established a Continuous Disclosure Policy which is available on the company's web site.

Share Trading Policy

The Board has established a Share Trading Policy which is available on the company's web site.

The Share Trading Policy states that the company's employees may not enter into a transaction that is designated or intended to limit economic risk of participating in unvested entlitlements under any equity based remuneration scheme.

Code of Conduct

The Board has established a Code of Conduct which is available on the company's web site.

Shareholder Communication

The company's Shareholder Communication Policy requires communication with shareholders and other stakeholders in an open, regular and timely manner. Communication mechanisms employed include:

- regular shareholder communications such as half yearly and full year reports;
- shareholder access to communications via the company's website at www.gowings.com
- utilising Computershare, the company's share registry service provider, to facilitate the delivery of information to shareholders; and
- other publications such as "The Gowings Guide" which provide useful information about the company.

The board encourages the full participation of shareholders at the Annual General Meeting in order to provide shareholders with a forum for asking questions of the Board and its external auditors.

All shareholders who are unable to attend the Annual General Meeting are encouraged to communicate issues or ask questions by writing to the company.

ASX LISTING REQUIREMENTS

1. Shareholders at 30 September 2014

Range of shares	No of shareholders
1-1,000 shares	305
1,001-5,000 shares	432
5,001-10,000 shares	181
10,001-100,000 shares	286
Over 100,000 shares	35
Total shareholders	1,239

The number of shareholdings held in less than marketable parcels is 107.

2. Voting rights

Members voting personally or by proxy have one vote for each share.

3. Substantial shareholders at 30 September 2014

The substantial shareholders as defined by Section 9 of the *Corporations Act 2001* are:

John Edward Gowing	18,988,868	Ordinary Shares
Carlton Hotel Limited	4,273,768	Ordinary Shares
J P Morgan Nominees Australia Limited	3,554,184	Ordinary Shares

4. Top twenty equity security holders at 30 September 2014

In accordance with Australian Securities Exchange Listing Rule 4.10, the top twenty equity security holders are:

		No of ordinary shares	% of issued shares
1	Warwick Pty Limited	6,555,799	13.38
2	Audley Investments Pty Ltd	4,785,416	9.77
3	Mr John Edward Gowing	4,421,726	9.02
4	Carlton Hotel Limited	4,273,768	8.72
5	JP Morgan Nominees Australia Limited	3,554,184	7.25
6	Woodside Pty Limited	2,823,268	5.76
7	Australian United Investment Company Limited	2,000,000	4.08
8	Diversified United Investment Limited	2,000,000	4.08
9	The Ian Potter Foundation Ltd	1,657,352	3.38
10	Mr Frederick Bruce Wareham	759,654	1.55
11	Enbeear Pty Limited	578,936	1.18
12	Beta Gamma Pty Ltd	550,000	1.12
13	Mrs Jean Kathleen Poole-Williamson	516,767	1.05
14	T N Phillips Investments Pty Ltd	500,000	1.02
15	Mythia Pty Ltd	385,000	0.79
16	Mr Graeme Legge	333,337	0.68
17	Invia Custodian Pty Limited	325,000	0.66
18	National Nominees Limited	272,883	0.56
19	Cadmea Pty Ltd	247,538	0.51
20	Cranley Holdings Pty Limited	247,315	0.50
Total		36,787,943	75.06
Total issued share capital		48,996,567	

Number of shares bought back since 1 August 2014 to 30 September 2014: 8,496 (2013: nil).

5. Corporate governance practices

Gowing Bros. Limited corporate governance practices are described on pages 16 to 18.

CONTENTS

146th ANNUAL REPORT

The financial statements were authorised for issue by the directors on 29 October 2014. The directors have the power to amend and reissue the financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 July 2014

	Notes	2014 $'000	2013 $'000
Revenue			
Interest income		219	799
Equities		1,595	1,187
Private equities		241	(173)
Investment properties	17	18,307	16,956
Total revenue		20,362	18,769
Other income			
Gains / (losses) on disposal or revaluation of:			
Equities	14	618	872
Private equities	15	626	(515)
Private equities – collateralised debt obligation (CDO) realised	15	-	4,880
Investment properties	9,17	12,266	(915)
Development properties	8,16	49	392
Other income		127	160
Total other income		13,686	4,874
Total revenue and other income		34,048	23,643
Expenses			
Investment property expenses	17	7,742	7,642
Administration expenses		804	590
Borrowing cost expenses		3,266	3,280
Depreciation expenses		120	131
Employee benefits expense		1,786	2,091
Public company expenses		428	355
Total expenses		14,146	14,089
Profit from continuing operations before impairment & income tax expense	5	19,902	9,554
Unrealised impairment - equities		(419)	-
Profit before income tax expense		19,483	9,554
Income tax expense	6	(5,415)	(2,279)
Profit from continuing operations		14,068	7,275
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Net increase in fair value of investments net of income tax		4,751	5,129
Total comprehensive income attributable to members of Gowing Bros. Limited		18,819	12,404
Basic earnings per share	37	28.71c	14.85c
Diluted earnings per share	37	28.71c	14.85c

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION As at 31July 2014

	Notes	2014 $'000	2013 $'000
Current assets			
Cash and cash equivalents	7	7,243	6,784
Development properties	8	1,237	-
Loans receivable	13	1,222	-
Unlisted bonds		501	-
Trade and other receivables	10	871	1,174
Other	11	931	968
Total current assets		12,005	8,926
Non-current assets			
Receivables	12	413	4
Equities	14	43,790	40,050
Private equities	15	4,029	5,954
Unlisted bonds		-	503
Development properties	16	1,446	1,435
Investment properties	17	164,627	150,918
Property, plant and equipment	18	2,975	2,850
Deferred tax assets	19	5,679	5,926
Other	20	2,331	1,730
Total non-current assets		225,290	209,370
Total assets		237,295	218,296
Current liabilities			
Trade and other payables	21	2,231	3,251
Borrowings	22	2,060	2,110
Current tax liabilities	23	217	-
Provisions	24	234	277
Total current liabilities		4,742	5,638
Non-current liabilities			
Borrowings	25	47,224	47,013
Provisions	26	212	185
Deferred tax liabilities	27	14,915	8,178
Total non-current liabilities		62,351	55,376
Total liabilities		67,093	61,014
Net assets		170,202	157,282
Equity			
Contributed equity	28	13,275	13,294
Reserves	29	104,654	99,903
Retained profits		52,273	44,085
Total equity		170,202	157,282

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY Year ended 31 July 2014

	Notes	Contributed Equity $'000	Capital Profits Reserve- Pre CGT Profits $'000	Investment Revaluation Reserve- Equities $'000	Retained Earnings $'000	Total $'000
Balance at 1 August 2012		**13,294**	**90,503**	**4,271**	**42,445**	**150,513**
Total comprehensive income for the year		-	-	5,129	7,275	12,404
Transactions with owners in their capacity as owners:						
Dividends paid	30	-	-	-	(5,635)	(5,635)
Balance at 31 July 2013		**13,294**	**90,503**	**9,400**	**44,085**	**157,282**
Total comprehensive income for the year		-	-	4,751	14,068	18,819
Transactions with owners in their capacity as owners:						
Share buy-back	28	(19)	-	-	-	(19)
Dividends paid	30	-	-	-	(5,880)	(5,880)
Balance at 31 July 2014		**13,275**	**90,503**	**14,151**	**52,273**	**170,202**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

	Notes	2014 $'000	2013 $'000
Cash flows from operating activities			
Receipts in the course of operations (inclusive of GST)		20,302	17,900
Payments to suppliers and employees (inclusive of GST)		(13,407)	(12,655)
Dividends received		1,595	1,187
Interest received		227	893
Borrowing costs		(3,266)	(3,280)
Income taxes paid		(249)	(84)
Net cash inflows from operating activities	38	5,202	3,961
Cash flows from investing activities			
Payments for purchases of properties, plant and equipment		(273)	(31)
Payments for purchases of development properties		(1,563)	(6)
Payments for purchases of investment properties		(1,443)	(16,168)
Payments for purchase of equity investments		(2,627)	(8,979)
Loans made		(1,222)	-
Payments for other assets		(700)	(477)
Proceeds from sale of properties, plant and equipment		32	-
Proceeds from sale of financial assets		8,426	11,115
Proceeds from sale of investment properties		-	1,125
Proceeds from sale of development properties		364	1,241
Net cash inflows/(outflows) from investing activities		994	(12,180)
Cash flows from financing activities			
Payments for share buy-backs		(19)	-
Proceeds from borrowings		1,284	-
Repayment of borrowings		(1,122)	(12)
Dividends paid		(5,880)	(5,635)
Net cash (outflows) from financing activities		(5,737)	(5,647)
Net increase (decrease) in cash held		459	(13,866)
Cash and cash equivalents at the beginning of the financial year		6,784	20,650
Cash and cash equivalents at the end of the financial year	7	7,243	6,784

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation
This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Compliance with IFRS
The financial statements of Gowing Bros. Limited comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of equities (available-for-sale financial assets), private equities and investment properties.

Critical accounting estimates
The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Areas involving a higher degree of judgement and complexity or where assumptions and estimates are significant to the financial statements are disclosed in note 3.

New and amended standards adopted
The company has applied the following standards for the first time for their annual reporting period commencing 1 August 2013:

- AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13

The adoption of AASB 13 did not result in any changes in accounting policies or adjustments to the amounts recognised in the financial statements.

(b) Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker including:

- Cash and fixed interest
- Equities
- Private equities
- Investment properties
- Development properties
- Other

(c) Foreign currency translation
(i) Functional and presentation currency
Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ("functional currency"). The financial statements are presented in Australian dollars, which is Gowing Bros. Limited's functional and presentation currency.
(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Translation differences on private equities and development properties held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on equities are recognised in equity.

(d) Income tax
The income tax expense or revenue for the period is the tax payable on the current period's taxable income adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Income tax (continued)
No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or loss or taxable profit or loss. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(e) Impairment of assets
Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(f) Property, plant and equipment
Property, plant and equipment (excluding freehold properties) are measured at cost. Costs are measured at fair value of assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition. Freehold properties are measured at fair value, with changes in fair value recognised in other comprehensive income. Depreciation is calculated on a straight-line basis to write off the net cost or revalued amount of each item of plant and equipment (excluding freehold land) over its expected useful life to the company. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. Land is not depreciated. Depreciation is calculated to allocate cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Furniture, fittings and equipment	3 to 10 years
Motor vehicles	6 to 8 years
Buildings	40 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(g) Revenue recognition
Revenue is recognised for the major business activities as follows:

(i) Equities
Dividend income is recognised when received. Revenue from the sale of investments is recognised at trade date.

(ii) Property rental
Rental income is recognised in accordance with the underlying rental agreements.

(iii) Land development and sale
Revenue is recognised on settlement.

(iv) Property construction and sale
Contract revenue and expenses are recognised in accordance with the percentage completion method unless the outcome of the contract cannot be reliably estimated. Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense when incurred, and where it is probable that costs will be recovered, revenue is recognised to the extent of costs incurred. Where it is probable that a loss will arise from a construction contract, the excess of the total expected contract costs over total expected contract revenue is recognised as an expense immediately.

(v) Other investment revenue
Changes in fair value of private equities are recognised through profit or loss. Trust income and option income is recognised when earned.

(vi) Other property revenue
Other property revenue is recognised in accordance with underlying agreements.

(vii) Interest revenue
Interest income is recognised on an accrual basis.

1.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Receivables
Receivables consists mainly of amounts due from rental income. Amounts are usually due within seven days from invoice date. Amounts due for the sale of financial assets and properties are usually due on settlement unless the specific contract provides for extended terms.

(i) Investments and other financial assets
The company classifies its investments in the following categories: private equities (financial assets at fair value through profit or loss) and equities (available-for-sale financial assets). The classification depends on the purpose for which it was acquired. Management determines the classification on initial recognition.
(i) Equities
Equities, comprising principally marketable equity securities, are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the statement of financial position date.
(ii) Private equities
Private equities are held with the view that they are long term investments.

Recognition/de-recognition and subsequent measurement
Regular purchases and sales of investments are recognised on trade-date - the date on which the company commits to the purchase or sale of the asset. Investments in equities are initially recognised at fair value plus transaction costs. Investments in private equities are initially recognised at fair value, and transaction costs are expensed in profit or loss.
Interests in equities are brought to account at fair value, with the change in fair value reflected in the long term revaluation reserve. Interests in private equities are brought to account at fair value, with any change in fair value reflected in profit or loss. The interest in joint ventures is accounted for as set out in note 35. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and relying as little as possible on company-specific inputs.

Impairment
The company assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equities, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the security is impaired. If any such evidence exists for equities, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that asset previously recognised in profit or loss, is transferred to profit or loss. Impairment losses recognised in profit or loss on equities are not reversed through profit or loss.

(j) Investment properties
Investment property, principally comprising freehold commercial and retail buildings, is held for long-term rental yields and is not occupied by the company. Investment property is carried at fair value determined annually by management. Changes in fair values are recorded in profit or loss as part of other income.

1.SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Joint ventures
Jointly controlled assets
The proportionate interests in the assets, liabilities and expenses of joint venture activities have been incorporated in the financial statements under the appropriate headings. Details of the joint ventures are set out in note 35.

(l) Trade and other payables
These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days after the end of the month of recognition.

(m) Borrowings
Bills payable are carried at their principal amounts. Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

(n) Dividends
Provision is made for the amount of any dividend declared, determined or publicly recommended by the directors on or before the end of the financial year but not distributed at balance date.

(o) Employee entitlements
(i) Wages, salaries and annual leave
Liabilities for wages, salaries and annual leave are recognised in other creditors, and are measured as the amount unpaid at the reporting date in respect of employees' services up to that date at pay rates expected to be paid when the liabilities are settled.
(ii) Long service leave
A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels and periods of service.

(p) Borrowing costs
Borrowing costs are recognised as expenses in the period in which they are incurred except where they are included in the costs of qualifying assets.
Only borrowings costs relating specifically to the qualifying asset are capitalised.
Borrowing costs include interest on bank overdrafts and short-term and long-term borrowings, including amounts paid or received on interest rate swaps.

(q) Cash and cash equivalents
For purposes of the statement of cash flows, cash includes deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(r) Leases
Leases of property, plant and equipment where the company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance costs. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the company will obtain ownership at the end of the lease term.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after tax effect of the interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(t) Rounding of amounts

The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases to the nearest dollar.

(u) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 July 2014 reporting periods. These standards and interpretations are not expected to have a material impact on the company other than as set out below.

AASB 9 *Financial Instruments* (effective for reporting periods beginning on or after 1 January 2017)

AASB 9 *Financial Instruments* addresses the classification and measurement of financial assets and is likely to affect the company's accounting for its financial assets. The standard is not applicable until 1 January 2017 but is available for early adoption. The company is yet to assess its full impact. However, initial indications are that it may affect the company's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading.

The company has decided against early adoption of this standard.

(v) Comparative information

Information has been reclassified where applicable to enhance comparability.

2. FINANCIAL RISK MANAGEMENT

The company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), liquidity risk, credit risk and fair value estimation risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company through the mix of investment classes. The board of directors and management undertake various risk management practices, both informally on a daily basis and formally on a monthly basis at board level. Risks are identified and prioritised according to significance and probability. Progress towards managing these risks is documented and formally reviewed on a monthly basis.

Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the company's functional currency. The company does not have a policy with regard to hedging currency risk. The company has not hedged its foreign currency investments. The multiple currencies provide diversification benefits to the portfolio. The company monitors foreign currency movements daily and seeks advice from foreign currency specialists as to potential courses of action that may protect or enhance the value of the company's investments.

The company's exposure to foreign currency risk at the reporting date was as follows:

	31 July 2014					31 July 2013				
Currency exposure in AUD	USD $'000	EUR $'000	NZD $'000	GBP $'000	CHF $'000	USD $'000	EUR $'000	NZD $'000	GBP $'000	CHF $'000
Cash	1,551	408	-	209	232	2,216	21	1	-	-
Development and investment properties	1,664	-	-	-	-	-	-	-	-	-
Loans receivable	1,222	-	-	-	-	-	-	-	-	-
Bank Loans	224	-	-	-	-	-	-	-	-	-
Equities	536	-	-	-	-	2,416	314	-	221	-
Private equities	-	1,931	-	-	-	-	1,843	-	-	-

Based on the cash held at 31 July 2014, if the Australian dollar weakened / strengthened by 10% against the US dollar cash would have been $172,382 higher / $141,040 lower (2013: $246,160 higher / $201,404 lower). If the Australian dollar weakened / strengthened by 10% against the EUR cash would have been $45,373 higher / $37,123 lower (2013: $2,358 higher / $1,929 lower). There were no currency holdings in New Zealand dollars at year end, (2013: $94 higher / $77 lower). If the Australian dollar weakened / strengthened by 10% against the GBP cash would have been $23,256 higher / $19,027 lower (2013: $nil higher / $nil lower). If the Australian dollar weakened / strengthened by 10% against the CHF cash would have been $25,811 higher / $21,118 lower (2013: $nil higher / $nil lower.

Based on the development and investment properties held at 31 July 2014, if the Australian dollar weakened / strengthened by 10% against the development and investment properties would have been $184,911 higher / $151,291 lower (2013: $nil higher / $nil lower).

Based on the loans receivables held at 31 July 2014, if the Australian dollar weakened / strengthened by 10% against the US loans receivables would have been $135,833 higher / $111,136 lower (2013: $nil higher / $nil lower).

Based on the bank loans held at 31 July 2014, if the Australian dollar weakened / strengthened by 10% against the US bank loans would have been $24,867 higher / $20,346 lower (2013: $nil higher / $nil lower).

Based on the equities held at 31 July 2014, if the Australian dollar weakened / strengthened by 10% against the US equities would have been $59,580 higher / $48,748 lower (2013: $268,437 higher / $219,630 lower). There were no EUR equities held at year end (2013: $34,869 higher / $28,529 lower). There were no GBP equities held at year end (2013: $24,595 higher / $20,123 lower).

Based on the private equities held at 31 July 2014, if the Australian dollar weakened / strengthened by 10% against the EUR private equities would have been $214,538 higher / $175,531 lower (2013: $204,761 higher / $167,532 lower).

The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date.

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Price risk

The company is exposed to asset price risk. This arises from equities and private equities held by the company and classified on the balance sheet either as available-for-sale or at fair value through profit or loss. A price reduction at 5% and 10% spread equally over the investment portfolio would reduce its value by $2,390,968 (2013: $2,300,155) and $4,781,936 (2013: $4,600,311) respectively.

The company seeks to reduce market risk at the investment portfolio level by ensuring that it is not overly exposed to one company or one particular sector of the market. The relative weightings of the individual investments and the relevant market sectors are reviewed regularly and risk can be managed by reducing exposure where necessary. The company does not have set parameters as to a minimum or maximum amount of the portfolio that can be invested in a single company or sector. The writing and purchasing of options provides some protection against a fall in market prices by both generating income to partially compensate for a fall in capital values and buying put protection to lock in asset prices.

(iii) Cash flow and fair value interest rate risk

The company's interest-rate risk arises from long-term borrowings and cash on deposit. Borrowings issued at variable rates expose the company to cash flow interest-rate risk. Borrowings issued at fixed rates expose the company to fair value interest-rate risk. The company's interest bearing assets include deposits on the overnight money market. Interest earnt on these deposits varies according to the Reserve Bank's monetary policy decisions.

As at the reporting date, the company had the following variable rate borrowings and interest rate swap contracts outstanding:

	31 July 2014		31 July 2013	
	Weighted average interest rate	Balance $'000	Weighted average interest rate	Balance $'000
Borrowings	4.45%	49,284	5.08%	49,123
Interest rate swaps (notional principal amount)	5.14%	(35,000)	5.20%	(35,000)
Net exposure to cash flow interest rate risk		14,284		14,123

[1] The company has entered into a forward swap contract with The Australia and New Zealand Banking Group Limited for $16 million commencing 19 December 2016 with an interest rate of 3.83% and expiring on 18 December 2019.

An analysis by maturities is provided below.

Credit risk
The company has loan receivables of $1.2m which are indirectly secured against acquired development properties. The company has no material exposure to trade receivables.

Liquidity risk
This is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close-out market positions. Management monitors its cash flow requirements daily. Furthermore, management monitors the level of contingent payments on a weekly basis by reference to known sales and purchases of securities and dividends and distributions to be paid or received.

Maturities of financial liabilities
The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

31 July 2014	Less than 1 year	Between 1-2 years	Between 2-5 years	Over 5 years	Total contractual cash flow
	$'000	$'000	$'000	$'000	$'000
Non-derivatives					
Non-interest bearing	2,231	-	-	-	2,231
Variable rate	2,050	47,224	-	-	49,274
Fixed rate	10	-		-	10
Total non-derivatives	4,291	47,224	-	-	51,515
Derivatives					
Interest rate swaps (to be settled on a net basis)	5,000	20,000	-	10,000	35,000

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

31 July 2013	Less than 1 year	Between 1-2 years	Between 2-5 years	Over 5 years	Total contractual cash flow
	$'000	$'000	$'000	$'000	$'000
Non-derivatives					
Non-interest bearing	3,251	-	-	-	3,251
Variable rate	2,100	47,000	-	-	49,100
Fixed rate	10	13	-	-	23
Total non-derivatives	5,361	47,013	-	-	52,374
Derivatives					
Interest rate swaps (to be settled on a net basis)	-	5,000	30,000	-	35,000

Fair value estimation risk
The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

Fair value hierarchy
The company 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 company 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 liability.

The following tables present the company's assets measured and recognised at fair value at 31July 2014 and 31 July 2013.

31 July 2014	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Investments – Australian equities	33,704	-	9,526	43,230
Investments – Global equities	-	-	560	560
Investments – unlisted bonds	-	-	501	501
Investments – private equities	-	-	4,029	4,029
Investments – Investment properties	-	-	164,627	164,627
Freehold Properties	-	-	2,338	2,338
	33,704	-	181,581	215,285

31 July 2013	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Investments – Australian equities	29,740	-	6,993	36,733
Investments – Global equities	3,317	-	-	3,317
Investments – unlisted bonds	-	-	503	503
Investments – private equities	-	-	5,954	5,954
Investments – Investment properties	-	-	150,918	150,918
Freehold Properties	-	-	2,369	2,369
	33,057	-	166,737	199,794

There were no transfers between level 1 and level 2 for recurring fair value measurements during the year. For transfers in and out of level 3 see below.

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

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

- 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 investment properties are determined by capitalisation rates derived by using the income approach method and/or using external registered property valuers: refer to note 17.
- 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. The valuations have been based on appropriate multiples applied to estimated maintainable earnings. Estimated maintainable earnings have been based on historical results, and expected future results.
- The fair value of freehold properties included in Property, Plant and equipment is determined by directors based on comparable property market information.

31 July 2014	Level 3
	$'000
Reconciliation of level 3 fair value movements	
Opening balance	166,737
Purchases	2,385
Sales	(1,121)
Gain recognised in profit or loss or other comprehensive income	13,580
Closing balance	181,581

31 July 2013	Level 3
	$'000
Reconciliation of level 3 fair value movements	
Opening balance	150,595
Purchases	17,224
Sales	(6,347)
Gain recognised in profit or loss or other comprehensive income	5,265
Closing balance	166,737

Refer to the following notes for reconciliation for separate class of assets.

- Equities – refer to note 14
- Private equities – refer to note 15
- Investment properties – refer to notes 9 & 17

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Managed and Direct Private Equity

The company's practice for 'Managed Private Equity' valuations is to procure each Fund Manager's published unit price valuation and review it for reasonableness, potential misstatements and impairments. In reviewing each Fund Manager's valuation, consideration is given to audited accounts, compliance with Australian Venture Capital Association (AVCAL) valuation guidelines, Australian Accounting Standards, valuation methodology and assumptions, peer valuations, recent market prices, liquidity and control provisions, discussions with the Fund Manager and, where considered relevant, meetings with the underlying investee company's management.

The impact of the revaluation of managed private equities at 31 July 2014 was a gain of $496,000 (2013: a loss of $356,000) recognised in profit or loss.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

The company holds 'Direct Private Equity' investments in unlisted private companies which have been valued using the Board and management's best estimation of market value. The valuation considerations for managed private equity are applied to direct private equity based on recent shares issued and net assets of underlying investments, liquidity and minority shareholder provisions.

Investment property

Investment property valuations are estimated by the board and management with reference where possible to external valuations, market appraisals, recent comparable sales, date of purchase and capitalisation rate valuations. The impact on profit or loss relating to the revaluation of investment properties was a gain of $12,266,000 during 2014 (2013: a loss of $1,040,000).

	2014 $'000	2013 $'000

4. SEGMENT INFORMATION

The company operates only in Australia in the following segments based on the company's management reporting system:

- Cash and fixed interest
- Equities
- Private equities
- Investment properties
- Development properties
- Other

	2014 $'000	2013 $'000
Segment revenue		
Cash and fixed interest – interest received	219	799
Equities – dividends and option income	1,595	1,187
Private equities – distributions received	241	(173)
Investment properties – rent received	18,307	16,956
	20,362	18,769
Segment other income		
Equities – realised gains on disposal	618	872
Private equities – unrealised fair value (losses)	626	(515)
Private equities – realised collaterilsed debt obligation (CDO)	-	4,880
Investment properties – unrealised fair value (losses)	12,266	(915)
Development properties – realised gains on disposal	49	392
Other	127	160
	13,686	4,874
Total segment revenue and other income	34,048	23,643
Segment result		
Cash and fixed interest	219	799
Equities	1,794	2,059
Private equities	867	4,192
Investment properties	19,596	5,122
Development properties	49	392
Other	(3,042)	(3,010)
	19,483	9,554
Income tax (expense)	(5,415)	(2,279)
Net profit after tax	14,068	7,275

	2014 $'000	2013 $'000

4. SEGMENT INFORMATION (CONTINUED)

	2014 $'000	2013 $'000
Segment assets		
Cash and interest receivable	7,587	7,065
Equities	43,790	40,050
Private equities	4,029	5,954
Investment properties	164,627	150,918
Unlisted bonds	501	503
Development properties	3,905	1,435
Unallocated assets	12,856	12,371
Total assets	237,295	218,296
Segment liabilities		
Investment properties	49,274	49,100
Unallocated liabilities	17,819	11,914
Total liabilities	67,093	61,014
Acquisition of:		
- Investment properties	1,443	16,721
- Development properties	1,563	6
- Equities and unlisted bonds	2,627	8,979
- Other assets	700	477
Gains / (losses) on disposal or revaluation of:		
- Investment properties	12,266	(915)
- Development properties	49	392
- Equities	618	872
- Private equities – collaterilsed debt obligation (CDO) realised	-	4,880
- Private equities	626	(515)
- Impairment – equities	(419)	-
Unallocated:		
- Depreciation	120	131
- Acquisition of property, plant and equipment	273	31

Accounting policies

Segment information is prepared in conformity with the accounting policies of the company as disclosed in note 1.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to a segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, investments, investment properties and plant and equipment, net of related provisions. While most of these assets can be directly attributable to individual segments, the carrying amounts of certain assets used jointly by segments are allocated based on reasonable estimates of usage. Segment liabilities consist of borrowings. Segment assets and liabilities do not include income taxes. Tax assets and liabilities, trade and other creditors and employee entiltlements are represented as unallocated amounts.

Segment cash flows

Segment information is not prepared for cash flows as management consider it not relevant to users in understanding the financial position and liquidity of the company.

	2014 $'000	2013 $'000

5. OPERATING PROFIT

Profit from continuing operations before income tax expense includes the following specific items:

	2014 $'000	2013 $'000
Gains		
Private equity investment distributions	241	(173)
Expenses		
Interest paid	3,266	3,280

6. INCOME TAX EXPENSE

	2014 $'000	2013 $'000
Income tax expense		
Current tax	217	-
Deferred tax	5,078	2,373
Under/(over) provided in prior years	120	(94)
	5,415	2,279
Income tax expense attributable to:		
Profit from continuing operations	5,415	2,279
Aggregate income tax expense on profit	5,415	2,279
Reconciliation of income tax expense to prima facie tax payable		
Profit from continuing operations before income tax expense	19,483	9,554
Tax at the Australian tax rate of 30% (2013: 30%)	5,845	2,866
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-assessable income	(79)	(188)
Franked dividends	(471)	(305)
Under / (over provision in prior year	120	(94)
Income tax expense	5,415	2,279
Amounts recognised directly in equity		
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity	2,038	2,198

7. CASH AND CASH EQUIVALENTS

	2014 $'000	2013 $'000
Cash at bank and on hand	4,603	3,183
Deposits at call	2,640	3,601
	7,243	6,784

The deposits at call bear floating interest rates of up to 3.90% (2013: 3.35%).

8. CURRENT DEVELOPMENT PROPERTIES

	2014 $'000	2013 $'000
At cost		
Balance at beginning of year	-	-
Additions	1,552	-
Sale of properties – proceeds	(364)	-
Net gain on disposal	49	-
Balance at end of year	1,237	-

9. CURRENT INVESTMENT PROPERTIES

	2014 $'000	2013 $'000
Balance at beginning of year	-	3,650
Transfers from current to non-current (note 17)	-	(2,650)
Sale of properties – proceeds	-	(1,125)
Net gain on disposal	-	125
	-	-

	2014 $'000	2013 $'000
10. TRADE AND OTHER RECEIVABLES		
Trade debtors	954	1,174
Less: Provision for doubtful debts	(83)	-
	871	1,174
11. OTHER CURRENT ASSETS		
Prepayments	931	966
Income tax refund	-	2
	931	968
12. NON-CURRENT RECEIVABLES		
Loans to employees	3	4
Other loans	410	-
	413	4

Other loans include a property development loan on which interest is charged at commercial rates.
The directors believe that the fair value of receivables equals the carrying amounts.

13. LOAN RECEIVABLES

Loan to property developers	1,222	-
	1,222	-

Loans to property developers are charged at commercial interest rates. The directors believe that the fair value of loan receivables equals their carrying amounts.

14. EQUITIES

At fair value		
Balance at beginning of year	40,050	29,270
Revaluation to fair value	6,789	7,327
Additions	2,598	8,476
Impairment	(419)	-
Disposal proceeds	(5,846)	(5,895)
Net gain on disposal	618	872
Balance at end of year	43,790	40,050

Changes in fair values of equities are recorded in equity.

	2014 $'000	2013 $'000
15. PRIVATE EQUITIES		
At fair value through profit or loss		
Balance at beginning of year	5,954	6,809
Gain on disposal of collateralised debt obligation	-	4,880
Revaluation to fair value or gain (loss) on disposal	626	(515)
Additions	29	-
Disposal proceeds	(2,580)	(5,220)
Balance at end of year	4,029	5,954

Changes in fair values of private equities at fair value through the profit or loss are recorded in other income.

16. DEVELOPMENT PROPERTIES

At cost		
Balance at beginning of year	1,435	2,278
Additions	11	6
Sale of properties – proceeds	-	(1,241)
Net gain on disposal	-	392
Balance at end of year	1,446	1,435

17. NON-CURRENT INVESTMENT PROPERTIES

At fair value		
Balance at beginning of year	150,918	132,587
Transfers from current to non-current (note 9)	-	2,650
Acquisition of properties	1,443	16,721
Net gain / (loss) from fair value adjustment	12,266	(1,040)
Balance at end of year	164,627	150,918
Amounts recognised in profit or loss for investment properties		
Rental revenue	18,307	16,956
Direct operating expenses from rental generating properties	(7,742)	(7,642)
	10,565	9,314

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

The company has reviewed the properties' carrying values and present the following:

	Valuation Method	Acquisition Date	Cost including all additions $'000	2014 Cap Rate (%)	2013 Cap Rate (%)	2014 $'000	2013 $'000
Port Central SC Port Macquarie, NSW	(a)	Dec 2009	62,478	7.75	8.75	76,000	67,900
Coffs Central SC Coffs Harbour, NSW	(a)	Nov 2011	50,046	8.5	9.0	51,700	47,100
Kempsey Central SC Kempsey, NSW	(a)	Mar 2010	15,896	10.0	10.0	14,609	14,500
Moonee Beach SC Moonee Beach, NSW	(a)	May 2010	13,639	9.75	9.75	13,639	13,551
35-39 Wharf St Forster, NSW	(b)	Feb 2005	1,566	n/a	n/a	1,478	1,478
Other Properties	(b)	1997 – 2014	8,460	n/a	n/a	7,201	6,389
Total			152,085			164,627	150,918

(a) Fair value is based on capitalisation rates which reflect vacancy rates, tenant profile, lease expiry, development potential and the underlying physical condition of the centre. The higher the capitalisation rate, the lower the fair value. Capitalisation rates used at 31 July 2014 for Coffs Central and Port Central Shopping Centres were based on externally prepared valuations by a registered valuer. The capitalisation rates used at 31 July 2014 for Kempsey Central and Moonee Beach have been determined by directors, and reflect current market conditions. Further information used to support capitalisation rates has been provided in the table below.

	Port Central Shopping Centre	*Coffs Central Shopping Centre*	*Kempsey Central Shopping Centre*	*Moonee Beach Shopping Centre*
Acquisition date	18-Dec-09	4-Nov-11	12-Mar-10	13-May-10
Period of ownership	55 months	33 months	52 months	50 months
Age of centre	19 years	27 years	6 years	8 years
Location	Port Macquarie	Coffs Harbour	Kempsey	Coffs Harbour
Shopping centre type	Sub-regional	Sub-regional	Neighbourhood	Neighbourhood
Majors	Target, Super IGA	Big W, Best & Less	Coles, Target	Coles
Specialties	64	68	14	37
Specialty occupancy	94%	84%	79%	54%

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

18. PROPERTY, PLANT AND EQUIPMENT

	Freehold properties	Motor vehicles	Furniture, fittings & equipment	Total
Year ended 31 July 2014				
Opening net book amount	2,369	122	359	2,850
Additions	-	157	116	273
Disposals	-	(32)	-	(32)
Profit (Loss) on disposal	-	4	-	4
Depreciation charge	(31)	(26)	(63)	(120)
Closing net book amount	2,338	225	412	2,975
At 31 July 2014				
Cost or fair value	2,604	324	801	3,729
Accumulated depreciation	(266)	(99)	(389)	(754)
Net book amount	2,338	225	412	2,975
Year ended 31 July 2013				
Opening net book amount	2,400	119	431	2,950
Additions	-	21	10	31
Depreciation charge	(31)	(18)	(82)	(131)
Closing net book amount	2,369	122	359	2,850
At 31 July 2013				
Cost or fair value	2,604	204	686	3,494
Accumulated depreciation	(235)	(82)	(327)	(644)
Net book amount	2,369	122	359	2,850

19. DEFERRED TAX ASSETS

The balance comprises temporary differences attributable to:

	2014 $'000	2013 $'000
Employee benefits	125	131
Accruals	328	246
Equities	1,758	(229)
Tax losses	1,399	873
Private equities	1,053	3,924
Development properties	900	900
Other	116	81
Net deferred tax assets	5,679	5,926
Movements		
Opening balance at 1 August	5,926	7,247
(Debited) / credited to profit or loss	(247)	(1,321)
Closing balance at 31 July	5,679	5,926
Deferred tax assets to be recovered after 12 months	3,712	4,595
Deferred tax assets to be recovered within 12 months	1,967	1,331
	5,679	5,926

	2014 $'000	2013 $'000

20. OTHER NON-CURRENT ASSETS

Other assets	2,331	1,730

21. TRADE AND OTHER PAYABLES

Trade creditors	958	2,431
Other creditors and accruals	1,273	820
	2,231	3,251

22. CURRENT BORROWINGS

Bill payable – secured	2,050	2,100
Finance lease – secured	10	10
	2,060	2,110

Risk
The company's exposure to interest rate changes arising from current and non-current borrowings is set out in note 2.
Security
Information about the security relating to each of the secured liabilities and the fair value of each of the borrowings is provided in note 25.

23. TAX LIABILITIES

Income tax	217	-

24. CURRENT PROVISIONS

Employee entitlements	234	277

25. NON-CURRENT BORROWINGS

Bill payable – secured	47,000	47,000
Fixed loan	224	-
Finance lease – secured	-	13
	47,224	47,013

Risk
The company's exposure to interest rate changes arising from current and non-current borrowings is set out in note 2.
Security
Details of the security relating to each of the secured liabilities and further information on banks loans are set out below.

Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

Bills payable[1]	49,050	49,100
Fixed loan[2]	224	-
Finance lease[3]	10	23
	49,284	49,123

25. NON-CURRENT BORROWINGS (CONTINUED)

Assets pledged as security
[1]$2.05m bill is secured against Bong Bong St, Bowral & 35-39 Wharf St, Forster; the facility is BBSY plus 1.00%.

[1]$26.0 million bill is secured against Port Central Shopping Centre ("SC"); the facility is BBSY plus 1.80%. The bank requires the business and company to meet certain financial ratios: the SC business must have a minimum interest coverage ratio of 1.80 times; the SC loan to valuation ratio not to exceed 50% (the LVR is measured against the specific asset/debt under this approval); the company gearing ratio must not exceed 40% and total tangible assets less total liabilities must be no less than $60 million.

[1]$7.0 million bill is secured against Kempsey Central SC; the facility is BBSY plus 1.95%. The bank requires the business and company to meet certain financial ratios: the SC business must have a minimum interest coverage ratio of 1.80 times; the SC loan to valuation ratio not to exceed 57% on day one and 51% 18 months from funding (the LVR is measured against the specific asset/debt under this approval); the company gearing ratio must not exceed 40% and total tangible assets less total liabilities must be no less than $60 million.

[1]$14.0 million bill is secured against Coffs Central SC; the facility is BBSY plus 1.63%. The bank requires the business and company to meet certain financial ratios: the SC business must have a minimum interest coverage ratio of 2.0 times; the SC loan to valuation ratio not to exceed 40% (the LVR is measured against the specific asset/debt under this approval); the company gearing ratio must not exceed 40% and total tangible assets less total liabilities must be no less than $60 million; the weighted average lease term (WALT) of the security must be not less than 2 years.

The company has complied with the borrowing ratios.

[2] The company has a fixed loan of $223,718 (US $209,199) (2013: $ nil) maturing on 18 October 2015 with an interest rate attached of 3.04% (2013: nil %). The loan is secured against cash holdings with UBS Wealth Management Australia.

[3] $10,000 is secured against specific plant and equipment.

	2014 $'000	2013 $'000
Financing arrangements		
Unrestricted access was available at balance date to the following lines of credit:		
Total facilities		
Unsecured bank overdrafts	1,000	1,000
Secured bill facilities	49,050	49,100
Secured loan facility	10	23
	50,060	50,123
Used at balance date		
Secured bill facilities	49,050	49,100
Secured loan facility	10	23
	49,060	49,123
Unused at balance date		
Unsecured bank overdrafts	1,000	1,000
	1,000	1,000

The interest rates at balance date were up to a maximum of 4.81% on the secured bill facilities (2013: 4.99%).

On-balance sheet
The fair value of borrowings is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for liabilities with similar risk profiles.

Off-balance sheet
There are no off-balance sheet borrowings or contingencies other than as referred to in note 2.

	2014 $'000	2013 $'000
26. NON-CURRENT PROVISIONS		
Employee entitlements	177	161
Other provisions	35	24
	212	185
27. DEFERRED TAX LIABILITIES		
The balance comprises temporary differences attributable to:		
Prepayments	166	140
Investment properties	8,684	4,009
Equities	6,065	4,029
Net deferred tax liabilities	14,915	8,178
Movements:		
Opening balance at 1 August	8,178	5,084
Charged / (credited) to profit or loss	4,699	896
Charged / (credited) to equity	2,038	2,198
Closing balance at 31 July	14,915	8,178
Deferred tax liabilities to be settled after 12 months	14,915	8,178
Deferred tax liabilities to be settled within 12 months	-	-
	14,915	8,178

	Number of Shares 2014	Number of Shares 2013	2014 $'000	2013 $'000
28. CONTRIBUTED EQUITY				
Share capital				
Ordinary shares fully paid	48,996,567	49,003,325	13,275	13,294

Movements in ordinary share capital

Date	Details	Number of Shares	Issue Price Per Share	$'000
31/07/2013	Balance	49,003,325	-	13,294
11/06/2014	Share buy-back	(1,350)	$2.63	(4)
19/06/2014	Share buy-back	(5,408)	$2.70	(15)
31/07/2014	Balance	48,996,567		13,275

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.
On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote.

Dividend Reinvestment Plan
The Dividend Reinvestment Plan may be offered to shareholders by directors, and allows shareholders to reinvest dividends into shares in the company. The Dividend Reinvestment Plan remains suspended for current and future dividends.

Deferred Employee Share Plan
The Deferred Employee Share Plan may be used as part of any incentive payments for all employees. For transaction cost reasons, where possible shares bought back as part of the company's ongoing capital reduction program are recognised for this purpose rather than cancelled.

Options
There were no options on issue at the time of this report.

28. CONTRIBUTED EQUITY (CONTINUED)

On-market share buy back
6,758 shares were bought back during the year (2013: Nil).

Capital risk management
The company's objective when managing capital is to safeguard the ability to continue as a going concern, so that continued returns to shareholders and benefits for other stakeholders can be provided while maintaining an optimal capital structure.

	2014 $'000	2013 $'000
29. RESERVES		
Reserves		
Movements		
Capital profits reserve[1]		
Opening balance	90,503	90,503
Transfer from retained profits	-	-
Closing balance	90,503	90,503
Long term investment revaluation reserve[2]		
Opening balance	9,400	4,271
Fair value adjustments on available for sale assets		
-Equities	6,789	7,327
-Deferred tax applicable to fair value adjustments	(2,038)	(2,198)
Closing balance	14,151	9,400
Total reserves	104,654	99,903

[1] The capital profits reserve is used to record pre-CGT profits.
[2] The long term investment revaluation reserve is used to record increments and decrements on equities recognised in other comprehensive income. Amounts are reclassified to profit or loss when the equities are sold. Impaired amounts are recognised in profit or loss.

	2014 $'000	2013 $'000
30. DIVIDENDS		
Ordinary shares		
2013 final dividend of 6.0 cents (2012: 5.5 cents final) per share	2,940	2,695
2014 Interim dividend of 6.0 cents (2013: 6.0 cents) per share	2,940	2,940
Total dividends declared	5,880	5,635
Dividends paid in cash	5,880	5,635
	5,880	5,635

Franked dividends declared and paid during the year were fully franked at the tax rate of 30%.

Dividends declared after year end
Subsequent to year end the directors have recommended the payment of a final dividend of 6.0 cents per ordinary share fully franked based on tax paid at 30%. The maximum amount of the proposed dividend expected to be paid on 23 October 2014 out of retained profits at 31July 2014 is $2,939,794 (2013: $2,940,200).

The financial effect of the dividend declared subsequent to the reporting date has not been brought to account in the financial statements for the year ended 31 July 2014 and will be recognised in subsequent financial reports.

The Dividend Reinvestment Plan (DRP) remains suspended for the final dividend declared.

Franked dividends
The franked portions of the final dividends declared after 31 July 2014 will be franked out of existing franking credits or out of franking redits arising from the payment of income tax in the year ending 31 July 2015.

30. DIVIDENDS (CONTINUED)

	2014 $'000	2013 $'000
Franking credits available for subsequent financial years (tax paid basis)	8,151	9,841

The above amounts are based on the balance of the franking account at year end, adjusted for:
(a) franking credits that will arise from the payment of the current tax liability
(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date
(d) franking credits that may be prevented from being distributed in subsequent financial years.

	2014 $'000	2013 $'000

31. REMUNERATION OF AUDITORS

Audit and review	88	77
Tax services	19	18
	107	95

32. COMMITMENTS FOR EXPENDITURE

Capital commitments
The company has uncalled capital commitments of up to $2,450,000 (2012: $2,518,000) over a period of up to 10 years in relation to private equity and property fund investments held at year end.

The company did not have any other capital commitments at balance date.

33. EMPLOYEE ENTITLEMENTS

Long service leave (note 26)	177	161
Accrual for annual leave (note 24)	234	277
Other accruals	572	441
	983	879

34. RELATED PARTIES

Directors

The names of persons who were directors of Gowing Bros. Limited at any time during the financial year were Messrs W. A. Salier, J. E. Gowing, J. G. Parker and R. D. Fraser.
All of the persons were also directors during the year ended 31 July 2014.

Remuneration

Information on remuneration of directors and other key management personnel is disclosed in the remuneration report.

	2014	2013
Directors and other key management personnel		
Short-term employee benefits	1,217,634	1,603,483
Share based compensation	140,000	-
Post-employment benefits	98,273	96,863
Long-term benefits	12,647	25,395
	1,468,554	1,725,741

Detailed remuneration disclosures can be found in the remuneration report on pages 12 to 15.

Movement in Shares

Key management person	Shares held* as at 31 July 2012 No.	Shares acquired/ (disposed) during the year No.	Shares held as at 31 July 2013 No.	Shares acquired/ (disposed) during the year No.	Shares held as at 31 July 2014 No.
W. A. Salier	54,794	-	54,794	-	54,794
J. E. Gowing	18,982,868	-	18,982,868	6,000	18,988,868
J. G. Parker	50,000	-	50,000	-	50,000
R. D. Fraser	63,118	-	63,118	-	63,118
G. J. Grundy	173,528	-	173,528	53,319	226,847
J. S. Byers	50,000	-	50,000	-	50,000
M. D. de Lepervanche	44,544	-	44,544	-	44,544

* Directly and indirectly

Receivables from directors and executives

At year end there were no receivables from the directors and executives (2013: $11,372).

Transactions with key management personnel and directors

Key management person	Transaction type	Transaction value 2014 000's	Transaction value 2013 000's	Balance outsanding 2014 000's	Balance outsanding 2013 000's
J. E. Gowing[1]	Marketing services	111,260	94,069	-	-
R. D. Fraser[2]	Corporate research	3,300	-	-	-

1. The wife of Mr J E Gowing, Managing Director, is a director of Creative License Pty Limited. Creative License Pty Limited provided marketing services totalling $108,057 for the year, dealings were at commercial rates, (2013: $91,440). The son of Mr J E Gowing provided marketing services at market rates during the year on a casual basis, $3,203 (2013: $2,629).

2. Mr R D Fraser, a director, is a director and a significant shareholder of Taylor Collison Limited who provided corporate research services totalling $3,300 for the year (2013: $ nil).

There were no other transactions with directors and director related entities and executives.

35. INTERESTS IN JOINT VENTURES

Joint venture operations

The company has entered into a joint venture operation known as Regional Retail Properties, for long term investments in small regional retail centres. The company has a 50% participating interest in this joint venture and is entitled to 50% of its output.

The company has entered into a joint venture operation, known as Verge Street, as a long term investment property immediately adjacent to a new neighbouring shopping centre. The company has a 50% participating interest in this joint venture and is entitled to 50% of its output.

The company's interests in the assets employed in the joint ventures are included in the statement of financial position, in accordance with the accounting policy described in note 1(k), under the following classifications:

	2014 $'000	2013 $'000
Current assets		
Cash	80	82
Investment properties	-	-
Trade and other receivables	16	13
Total current assets	96	95
Non-current assets		
Investment properties	3,475	3,350
Development properties	-	-
Total non-current assets	3,475	3,350
Current Share of assets employed in joint venture	3,571	3,445
Current liabilities		
Trade and other payables	16	-
Borrowings	2,050	2,100
Total current liabilities	2,066	2,100
Non-current liabilities		
Borrowings	-	-
Total non-current liabilities	-	-
Current share of liabilities employed in joint venture	2,066	2,100
Net assets employed in joint venture	1,505	1,345

$2.05 million of borrowings is secured against investment properties of Regional Retail Properties (note 25).

36. SHARE-BASED PAYMENTS

The Deferred Employee Share Plan has been in operation since 2006 which allows fully paid ordinary shares to be issued for no cash consideration from shares held by the Plan. All Australian resident permanent employees (excluding directors) who have been continuously employed by the company for a period of at least three years are eligible to participate in the scheme. Employees may elect not to participate in the scheme.
Shares are acquired on-market prior to the issue. Shares issued under the scheme may not be sold until the earlier of three years after issue or cessation of employment of the company. In all other respects the shares rank equally with other fully-paid ordinary shares on issue.

Options
No options were on issue at year end (2013: Nil).

	2014	2013
37. EARNINGS PER SHARE		
Basic earnings per share (cents)	28.71c	14.85c
Diluted earnings per share (cents)	28.71c	14.85c
Weighted average number of ordinary shares on issue	49,002,518	49,003,325
Net profit after tax	$14,068,000	$7,275,000

38. RECONCILIATION OF NET PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2014 $'000	2013 $'000
Profit from ordinary activities after income tax	14,068	7,275
Amortisation	100	-
Depreciation	120	131
Impairment – equities	419	-
Net loss on sale of equities	(748)	(5,590)
Net gain on sale of investment properties	-	(125)
Net gain on sale of development properties	(49)	(392)
Net gain on sale of propery, plant and equipment	(4)	-
Revaluation of investment properties to market value	(12,266)	1,040
Revaluation of investments to market value	(496)	(157)
Revaluation of Property Plant & Equipment to market value	-	-
Other income	9	-
Provisions for employee entitlements	(26)	149
Decrease / (increase) in receivables	(106)	(735)
Decrease / (increase) in prepayments	35	20
Decrease / (increase) in income taxes	5,166	2,195
Increase / (decrease) in borrowings	-	-
Increase / (decrease) in trade creditors and accruals	(1,020)	150
Net cash inflow from operating activities	5,202	3,961

39. SUBSEQUENT EVENTS

No matter or circumstance has arisen which has significantly affected, or may significantly affect, the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

40. OTHER INFORMATION

Gowing Bros. Limited is incorporated and domiciled in New South Wales. The registered office, and principal place of business, is Unit 21, Jones Bay Wharf, 26 – 32 Pirrama Rd, Pyrmont NSW 2009.
Phone: 61 2 9264 6321
Facsimile: 61 2 9264 6240
Email: info@gowings.com
Website: www.gowings.com

Gowing Bros. Limited shares are listed on the Australian Securities Exchange.

The company secretary is Mr J. S. Byers

The share register is maintained by Computershare Investor Services Pty. Limited, Level 3, 60 Carrington Street, Sydney NSW 2000, Telephone 1300 855 080, Overseas callers +61 (0)2 8234 5000, Facsimile + 61 (0)2 8234 5050.

1. In the directors' opinion:

   (a) the financial statements and notes set out on pages 21 to 48 are in accordance with the Corporations Act 2001, including:

      (i) complying with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
      (ii) giving a true and fair view of the company's financial position as at 31 July 2014 and of its performance for the financial year ended on that date; and

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

2. The notes to the financial statements include a statement of compliance with International Financial Reporting Standards.

3. The directors have been given the declarations by the chief executive officer and chief financial officer for the year ended 31 July 2014 required by section 295A of the Corporations Act 2001.

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

W. A. SALIER
Director

J. E. GOWING
Director

Sydney
29 October 2014

HLB Mann Judd

Accountants | Business and Financial Advisers

To the directors of Gowing Bros. Limited:

As lead auditor for the audit of the financial report of Gowings Bros. Limited for the year ended 31 July 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) any applicable code of professional conduct in relation to the audit.

Sydney, NSW
29 October 2014

A G Smith
Partner

HLB Mann Judd (NSW Partnership) ABN 34 482 821 289
Level 19 207 Kent Street Sydney NSW 2000 Australia | Telephone +61 (0)2 9020 4000 | Fax +61 (0)2 9020 4190
Email: mailbox@hlbnsw.com.au | Website: www.hlb.com.au

HLB Mann Judd
Accountants | Business and Financial Advisers

To the members of Gowing Bros. Limited

Report on the Financial Report

We have audited the accompanying financial report of Gowing Bros. Limited ("the company"), which comprises the statement of financial position as at 31 July 2014, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the company.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial statements of Gowing Bros. Limited comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

HLB Mann Judd (NSW Partnership) ABN 34 482 821 289
Level 19 207 Kent Street Sydney NSW 2000 Australia | Telephone +61 (0)2 9020 4000 | Fax +61 (0)2 9020 4190
Email: mailbox@hlbnsw.com.au | Website: www.hlb.com.au

HLB Mann Judd

Opinion

In our opinion:

(a) the financial report of Gowing Bros. Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the company's financial position as at 31 July 2014 and its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1(a).

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 15 of the directors' report for the year ended 31 July 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Gowing Bros. Limited for the year ended 31 July 2014 complies with section 300A of the *Corporations Act 2001*.

Matters relating to the electronic presentation of the audited financial report and remuneration report

This auditor's report relates to the financial report and remuneration report of the company for the financial year ended 31 July 2014 published in the annual report and included on the company's website. The company's directors are responsible for the integrity of the company's website. We have not been engaged to report on the integrity of this website. The auditor's report refers only to the financial report and remuneration report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report and remuneration report. If users of the financial report and the remuneration report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report and remuneration report to confirm the information contained in this website version of the financial report and remuneration report.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

A G Smith

A G Smith
Partner

Sydney, NSW
29 October 2014

ISSUES TO SHAREHOLDERS SINCE 19 SEPTEMBER 1985

DATE	PARTICULARS	ISSUED FROM	ISSUE PRICE $
31/10/85	Bonus issue in lieu	Asset Revaluation reserve	
30/4/86	Bonus issue in lieu	Asset Revaluation reserve	
31/10/86	Bonus issue in lieu	Asset Revaluation reserve	
16/3/87	1 for 2 Bonus issue	Asset Revaluation reserve	
30/4/87	Bonus issue in lieu	Asset Revaluation reserve	
30/4/88	Dividend Re-investment	Accumulated profits	2.50
31/10/88	Dividend Re-investment	Accumulated profits	3.70
30/4/89	Dividend Re-investment	Accumulated profits	3.75
30/4/89	Special Scrip dividend	Accumulated profits	
16/11/89	Dividend Re-investment	Accumulated profits	4.35
31/10/90	1 for 10 Bonus issue	Share Premium – Special Dividend Reserve	
31/10/91	1 for 20 Bonus issue	Share Premium Reserve	
30/4/92	Dividend Re-investment	Accumulated profits	3.75
31/10/92	Dividend Re-investment	Accumulated profits	3.80
29/10/93	Dividend Re-investment	Accumulated profits	3.60
29/4/94	Dividend Re-investment	Accumulated profits	3.50
28/4/95	Dividend Re-investment	Accumulated profits	2.60
28/4/95	Bonus in Lieu Share Plan	Share Premium Reserve	
3/10/95	1 for 10 Bonus issue	Share Premium Reserve	
31/10/95	Dividend Re-investment	Accumulated profits	3.00
31/10/95	Bonus in Lieu Share Plan	Share Premium Reserve	
26/4/96	Dividend Re-investment	Accumulated profits	2.90
26/4/96	Bonus in Lieu Share Plan	Share Premium Reserve	
30/10/96	Dividend Re-investment	Accumulated profits	3.10
30/10/96	Bonus in Lieu Share Plan	Share Premium Reserve	
25/4/97	Dividend Re-investment	Accumulated profits	4.50
25/4/97	Bonus in Lieu Share Plan	Share Premium Reserve	
15/5/97	2 for 1 Share Split		
31/10/97	Dividend Re-investment	Accumulated profits	2.60
31/10/97	Bonus in Lieu Share Plan	Share Premium Reserve	
30/4/98	Dividend Re-investment	Accumulated profits	2.35
30/4/98	Bonus in Lieu Share Plan	Share Premium Reserve	
3/11/98	Dividend Re-investment	Accumulated profits	2.10
3/11/98	Bonus in Lieu Share Plan		
28/4/99	Dividend Re-investment	Accumulated profits	1.90
28/4/99	Bonus in Lieu Share Plan		
18/11/99	Dividend Re-investment	Accumulated profits	1.95
18/11/99	Bonus in Lieu Share Plan		
28/4/00	Dividend Re-investment	Accumulated profits	1.95
28/4/00	Bonus in Lieu Share Plan		
27/10/00	Dividend Re-investment	Accumulated profits	1.80
27/4/01	Dividend Re-investment	Accumulated profits	2.36
19/10/01	Dividend Re-investment	Accumulated profits	1.95
18/12/01	In Specie Distribution	G Retail Ltd shares issued on listing	
22/4/02	Dividend Re-investment	Accumulated profits	1.90
25/10/02	Dividend Re-investment	Accumulated profits	1.80
18/12/02	Dividend Re-investment	Accumulated profits	1.95
24/4/03	Dividend Re-investment	Accumulated profits	1.90
24/10/03	Dividend Re-investment	Accumulated profits	2.40
24/10/03	Bonus in Lieu Share Plan		
23/4/04	Dividend Re-investment	Accumulated profits	2.40
23/4/04	Bonus in Lieu Share Plan		
25/10/04	Dividend Re-investment	Accumulated profits	2.55
22/4/05	Dividend Re-investment	Accumulated profits	2.70
22/4/05	Bonus in Lieu Share Plan		
17/07/09	Dividend Re-investment	Accumulated profits	2.87
05/11/10	Dividend Re-investment	Accumulated profits	2.42
17/12/10	1 for 8 Rights issue	Share capital	2.20

NOTES PAGE

NOTES PAGE