



GOWING BROS
Investing together for a secure future

Appendix 4E

Preliminary Final Report for the Year Ended 31 July 2015

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RESULTS FOR ANNOUNCEMENT TO THE MARKET

Financial Highlights for the year ended 31 July 2015

- Net assets per share before tax on unrealised gains increased to \$4.15 (2014 \$3.67) bringing total shareholder return to 16.3% including the payment of the 12c fully franked dividend during the year.
- The highlight of this year's performance has been the \$16.6 million increase in the valuation of our Pacific Coast Shopping Centre portfolio. This increase was brought about by a combination of both a significant compression in market capitalisation rates for income earning regional shopping centres and the positive combination of increased rental income and lower expenses across the portfolio.
- Strong performance of the Equity portfolio which generated a return of 16.6% comparing favourably with the market return of 5.68% (S&P/ASX 200 Accumulation Index) over the same period. Of significance, was the outstanding performance of the company's investment in Blackmores which more than tripled in value to \$9 million during the year, illustrating the benefits of being a patient long-term value-orientated investor.
- International investments also delivered significant gains of \$1.4 million due to the appreciation of the USD to AUD.
- The Directors of Gowings are pleased to announce a one for 10 bonus issue of fully paid ordinary shares. This bonus issue is to reward shareholders and recognise the very strong growth in the company's underlying financial position following the revaluation of the company's Pacific Coast Shopping Centres. The entitlement is to be issued for nil consideration with the record date of 15 October 2015 and the shares will rank pari passu with existing shares from the date of issue on 22 October 2015.



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RESULTS FOR ANNOUNCEMENT TO THE MARKET

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

The reporting period is the year ended 31 July 2015 with the previous corresponding period being the year ended 31 July 2014.

SHAREHOLDER RETURNS	Before tax on unrealised gains	After tax on unrealised gains
Net assets per share as at 31 July 2014	\$3.67	\$3.47
Net assets per share as at 31 July 2015	\$4.15	\$3.81
+ Underlying increase in net assets	\$0.48	\$0.34
+ Ordinary dividends paid	\$0.12	\$0.12
Total Return	\$0.60	\$0.46
Total Return %	16.3%	13.2%

Comments:

Gowings' net assets per share was \$4.15 as at 31 July 2015 (2014: \$3.67) before allowing for tax on unrealised gains.

Net assets per share after allowing for tax on unrealised gains would be \$3.81 (2014: \$3.47) if the company were to sell its entire long term investment portfolio and pay the associated tax.

Net assets per share increased by 48c during the year after the payment of 12c in fully franked dividends to shareholders. The total return of 60c represents a 16.3% shareholder return. Shareholder returns are after payment of salaries, wages, operating expenses and taxes. Shareholders also benefit from the fully franked nature of the dividends paid during the period.

DIVIDENDS	31 July 2015	31 July 2014
Interim dividend paid	6.0c	6.0c
Final dividend paid or declared*	6.0c*	6.0c
Total dividends	12.0c	12.0c

* The Directors have declared a fully franked ordinary final dividend of 6.0 cents per share with a record date of 8 October 2015 and payable on 22 October 2015.

5 YEAR KEY METRICS

	2015	2014	2013	2012	2011
Net Assets	\$186.8m	\$170.2m	\$157.2m	\$150.5m	\$150.3m
Net Assets per Share					
Before tax on unrealised gains	\$4.15	\$3.67	\$3.29	\$3.11	\$3.11
After tax on unrealised gains	\$3.81	\$3.47	\$3.21	\$3.07	\$3.07
Total Comprehensive Income	\$22.5m	\$18.8m	\$12.4m	\$5.6m	\$5.7m
Earnings per Share	39.02c	28.71c	14.85c	12.18c	13.21c
Dividends per Share	12.0c	12.0c	11.5c	11.0c	10.5c
Total Shareholder Return	16.3%	15.2%	9.5%	3.5%	4.0%



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RESULTS FOR ANNOUNCEMENT TO THE MARKET

For the year ended	31 July 2015	31 July 2014	Year on Year
Revenue from Ordinary Activities	\$000	\$000	Movement
Interest income	224	219	2%
Investment property rent	19,086	18,307	4%
Listed equity dividends	1,621	1,595	2%
Private equity earnings	-	241	n/a
Total Revenue from Ordinary Activities	20,931	20,362	3%
Expenses			
Investment property expenses	7,416	7,742	(4%)
Borrowing cost expenses	3,123	3,266	(4%)
Administration and public company expenses	3,013	3,138	(4%)
Total Expenses	13,552	14,146	(4%)
Net Income from Ordinary Activities	7,379	6,216	19%
Other Income	20,067	13,686	47%
Unrealised impairment on listed equities	(266)	(419)	(37%)
Profit Before Tax	27,180	19,483	40%
Income tax expense	(8,066)	(5,415)	49%
Profit After Tax	19,114	14,068	36%
Net increase in fair value of investments net of tax	3,390	4,751	(29%)
Total Comprehensive Income	22,504	18,819	20%

Comments:

Total revenue from ordinary activities of \$20.9 million was 3% higher than the prior year primarily due to an increase in property income from Coffs & Port Central Shopping Centres of 4%. Dividend income increased by 2%, reflecting additional equity investments and higher company dividends. Interest income increased 2% due primarily to higher average cash balances held during the year.

Net income from ordinary activities of \$7.4 million was \$1.2 million higher than the prior year due to the increase in property income and decrease in expenses.

Other income of \$20.1 million was 47% higher than the prior year and included a total of \$16.5 million of unrealised gains on the revaluation of the shopping centres and \$1.4 million on foreign currency gains.

Profit after tax of \$19.1 million increased by 36% on the prior year reflecting increased property income and other income and reduced expenses as described above.

Total comprehensive income of \$22.5 million increased by 20% on the prior year and included a \$3.4 million net increase in fair value of investments net of tax due to increases in the market value of long term equity investments.



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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JULY 2015

	Notes	31 July 2015	31 July 2014
		\$000	\$000
Revenue			
Interest income		224	219
Equities		1,621	1,595
Private equities		-	241
Investment properties		19,086	18,307
Total revenue	2	20,931	20,362
Other income			
Gains / (losses) on disposal or revaluation of:			
- Equities		1,258	618
- Private equities		(169)	626
- Investment properties		17,086	12,266
- Development properties		472	49
Other income		1,420	127
Total other income	2	20,067	13,686
Total revenue and other income		40,998	34,048
Expenses			
Investment property related expenses		7,416	7,742
Administration expenses		1,039	804
Borrowing cost expenses	3	3,123	3,266
Depreciation expenses	3	124	120
Employee expenses		1,427	1,786
Public company expenses		423	428
Total expenses		13,552	14,146
Profit from continuing operations before impairment and income tax expense		27,446	19,902
Unrealised impairment equities		(266)	(419)
Profit before income tax expense		27,180	19,483
Income tax expense	4	(8,066)	(5,415)
Profit from continuing operations	6	19,114	14,068
Other comprehensive income			
Net increase in fair value of investments net of tax		3,390	4,751
Total comprehensive income		22,504	18,819
<i>Basic and diluted earnings per share</i>	7	<i>39.02c</i>	<i>28.71c</i>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.



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STATEMENT OF FINANCIAL POSITION

AS AT 31 JULY 2015

	Notes	31 July 2015 \$000	31 July 2014 \$000
Current assets			
Cash and cash equivalents		12,839	7,243
Trade and other receivables		868	871
Loans receivable		1,202	1,222
Development properties		1,264	1,237
Unlisted bonds		-	501
Other		679	931
Total current assets		16,852	12,005
Non-current assets			
Receivables		304	413
Equities		51,905	43,790
Private equities		2,604	4,029
Investment properties		182,787	164,627
Development properties		1,454	1,446
Property, plant and equipment		3,074	2,975
Deferred tax assets		4,331	5,679
Other		2,231	2,331
Total non-current assets		248,690	225,290
Total assets		265,542	237,295
Current liabilities			
Trade and other payables		2,083	2,231
Borrowings		5,955	2,060
Tax liabilities		492	217
Provisions		185	234
Total current liabilities		8,715	4,742
Non-current liabilities			
Borrowings	5	47,000	47,224
Deferred tax liabilities		22,867	14,915
Provisions		189	212
Total non-current liabilities		70,056	62,351
Total liabilities		78,771	67,093
Net assets		186,771	170,202
Equity			
Contributed capital		13,217	13,275
Reserves		108,044	104,654
Retained profits	6	65,510	52,273
Total equity		186,771	170,202

The above statement of financial position should be read in conjunction with the accompanying notes.



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STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JULY 2015

	Contributed Equity \$000	Capital Profits Reserve - Pre CGT profits \$000	Investment Revaluation Reserve - listed equities \$000	Retained Earnings \$000	Total \$000
Balance at 1 August 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	(19)	-	-	-	(19)
Dividends paid	-	-	-	(5,880)	(5,880)
Balance at 31 July 2014	13,275	90,503	14,151	52,273	170,202
Total comprehensive income for the year	-	-	3,390	19,114	22,504
Transactions with owners in their capacity as owners:					
Share buy-back	(58)	-	-	-	(58)
Dividends paid	-	-	-	(5,877)	(5,877)
	(58)	-	-	(5,877)	(5,935)
Balance at 31 July 2015	13,217	90,503	17,541	65,510	186,771

The above statement of changes in equity should be read in conjunction with the accompanying notes.



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STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2015

	31 July 2015	31 July 2014
	\$000	\$000
Cash flows from operating activities		
Receipts in the course of operations (inclusive of GST)	21,360	20,302
Payments to suppliers and employees (inclusive of GST)	(10,052)	(13,407)
Dividends received	1,621	1,595
Interest received	240	227
Borrowing costs	(3,123)	(3,266)
Income taxes paid	56	(249)
Net cash inflow from operating activities	10,102	5,202
Cash flows from investing activities		
Payments for purchases of property, plant and equipment	(222)	(273)
Payments for the purchases of development properties	(390)	(1,563)
Payments for the purchases of investment properties	(2,818)	(1,443)
Loans made	(381)	(1,222)
Payments for purchases of equity investments	(7,572)	(2,627)
Payments for other assets	-	(700)
Proceeds from sale of property, plant and equipment	-	32
Proceeds from sale of financial assets	7,051	8,426
Proceeds from sale of investment properties	649	-
Proceeds from sale of development properties	828	364
Proceeds from loans on development properties	676	-
Proceeds from sale of other assets	1	-
Net (outflow)/inflow from investing activities	(2,178)	994
Cash flows from financing activities		
Proceeds from borrowings	3,768	1,284
Repayment of borrowings	(161)	(1,122)
Payments for share buy-backs	(58)	(19)
Dividends paid	(5,877)	(5,880)
Net cash (outflow) from financing activities	(2,328)	(5,737)
Net increase in cash held	5,596	459
Cash at the beginning of the period	7,243	6,784
Cash and cash equivalents at the end of the period	12,839	7,243

The above statement of cash flows should be read in conjunction with the accompanying notes.



NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The preliminary final report is presented in Australian dollars and is prepared under the historical cost convention, modified by the revaluation of listed equities and direct unlisted investments (available-for-sale financial assets), private equities (financial assets at fair value through profit or loss) and investment properties.

Conforming to Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires the Directors to exercise their judgement in the process of applying the entity's accounting policies. These estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or future periods if the revision affects both current and future periods.

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



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NOTES TO THE FINANCIAL STATEMENTS

	31 July 2015	31 July 2014
	\$000	\$000

2. SEGMENT INFORMATION

Segment revenue

Cash and fixed interest – interest received	224	219
Equities – dividends and option income	1,621	1,595
Private equities – distributions received	-	241
Investment properties – rent received	19,086	18,307
	20,931	20,362

Segment other income

Equities – realised gains on disposal	1,258	618
Private equities – unrealised fair value (losses)/gains	(169)	626
Investment properties – unrealised fair value gains	16,793	12,266
Development properties – realised gains on disposal	765	49
Other	1,420	127
	20,067	13,686
Total segment revenue and income	40,998	34,048

Segment result

Cash and fixed interest	224	219
Equities	2,613	1,794
Private equities	(169)	867
Investment properties	25,341	19,596
Development properties	765	49
Other	(1,594)	(3,042)
	27,180	19,483
Income tax (expense)	(8,066)	(5,415)
Net profit after tax	19,114	14,068

3. OPERATING PROFIT

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

Depreciation	124	120
Interest expense	3,123	3,266



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NOTES TO THE FINANCIAL STATEMENTS

	31 July 2015 \$000	31 July 2014 \$000
4. INCOME TAX		
Prima facie tax expense on the net profit at 30%	8,154	5,845
Tax effect of permanent differences:		
Non-assessable income	(142)	(79)
Franked dividends	(422)	(471)
(Over) / under provision for taxable income in prior years	(261)	120
Recognition of deferred tax asset	737	-
	8,066	5,415
5. NON-CURRENT BORROWINGS		
Fixed loan	-	224
Bills payable – secured	47,000	47,000
	47,000	47,224
Total secured liabilities		
The total secured liabilities (current and non-current) are as follows:		
Fixed loan	294	224
Variable loan	3,761	-
Bills payable ¹	48,900	49,050
Finance lease	-	10
	52,955	49,284
¹ Assets pledged as security		
\$1.9 million bill is secured against Bong Bong St, Bowral & 35-39 Wharf Street, Forster		
\$26.0 million bill is secured against Port Central Shopping Centre ("SC")		
\$7.0 million bill is secured against Kempsey Central SC		
\$14.0 million bill is secured against Coffs Central SC		
6. RETAINED PROFITS		
Retained profits at the beginning of the financial year	52,273	44,085
Net profit attributable to members of Gowing Bros. Limited	19,114	14,068
Dividends provided for or paid	(5,877)	(5,880)
	65,510	52,273
7. EARNINGS PER SHARE (EPS)		
Earnings reconciliation:		
Net profit	19,114	14,068
Basic and diluted earnings	19,114	14,068
Weighted average number of ordinary shares on issue used in the calculation of basic and diluted earnings per share.	48,982,027	49,002,518

At balance date there were no options on issue.



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NOTES TO THE FINANCIAL STATEMENTS

	31 July 2015	31 July 2014
	\$000	\$000

8. NET TANGIBLE ASSET BACKING

NTA per ordinary security before tax on unrealised gains	\$4.15	\$3.67
NTA per ordinary security after tax on unrealised gains	\$3.81	\$3.47

The Company does not presently have any intangible assets. The Company is a long term investor and does not intend to dispose of its investment portfolio. Valuations are based on the Directors' estimate of market values with reference to ASX prices, investment analyst reports, periodic private equity manager reports, property valuations, professional appraisals and consultation with real estate advisors.

9. DIVIDENDS

	CENTS PER SHARE	TOTAL AMOUNT \$000	DATE OF PAYMENT
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The following dividends were declared and paid by the entity during the year ended 31 July 2015;

Final dividend	6.0c	2,939	23 October 2014
Interim dividend	6.0c	2,938	24 April 2015

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

Final dividend	6.0c	2,938	22 October 2015
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The financial effect of the dividend declared subsequent to reporting date has not been brought to account in the financial statements during the year ended 31 July 2015 and will be recognised in subsequent financial reports.

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



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NOTES TO THE FINANCIAL STATEMENTS

10. INTERESTS IN JOINT VENTURES

The company has an interest in the following joint venture operations:

	% OF OWNERSHIP HELD AT END OF PERIOD OR DATE OF DISPOSAL		CONTRIBUTION TO NET PROFIT / (LOSS)	
	31 July 2015 %	31 July 2014 %	31 July 2015 \$000	31 July 2014 \$000
Joint Ventures:				
Regional Retail Properties	50	50	189	59
Elrington Partnership	50	50	126	53
			315	112

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

	2015 Number	2014 Number
Ordinary securities:		
Closing balance	48,976,317	48,996,567

12. COMMENTS BY DIRECTORS

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

See Results for Announcement to the Market above.

Description of event(s) since the end of the current period which has had a material effect and is not already reported elsewhere in this financial report

Significant movements in the value of property and share prices may have a material effect on the value of the portfolio at any time.

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

The company has sufficient franking credits (\$7.3 million) to fully frank all dividends that have been declared.

Annual General Meeting

The Annual General Meeting will be held at 10.00 am on Thursday, 19 November 2015 at Suite 21, Jones Bay Wharf, 26 – 32 Pirrama Road, Pyrmont NSW 2009.