

APPENDIX 4D | For the half year ended 31 January 2016



G O W I N G B R O S

Investing together for a secure future

Gowing Bros. Limited

ABN 68 000 010 471

Suite 21, Jones Bay Wharf

26 – 32 Pirrama Rd, Pyrmont NSW 2009

T: 61 2 9264 6321 F: 61 2 9264 6240

www.gowings.com



RESULTS FOR ANNOUNCEMENT TO THE MARKET

FINANCIAL HIGHLIGHTS

- Net assets per share before tax on unrealised gains increased to \$3.89 from \$3.77 during the six months to 31 January 2016. Opening net assets per share have been restated for comparative purposes for the 1:10 bonus issue during the period.
- The increase in net assets was largely attributable to the significant realised gains on the sale of the Company's shareholding in Blackmores Limited together with an appreciation in value of the Pacific Coast Shopping Centre portfolio.
- Total shareholder returns before tax on unrealised gains of 4.8% for the six month period ended January 31 2016 was pleasing, particularly considering the volatility and general weakness in capital markets over the same period.
- Profit After Tax increased 295% to \$18.6 million, up from \$4.7 million in the prior corresponding period. This figure includes the capital profit from the sale of shares in Blackmores and the revaluation of the Pacific Coast Shopping Centre portfolio.
- The Equity Portfolio performed strongly with an underlying total return of 15.6% compared with the negative returns and highly volatile nature of the stock market during the period.
- Shareholders received a bonus issue of shares of 1:10 during the period, as announced in the 2015 year end accounts. The bonus shares rank equally for the interim fully franked LIC capital gains tax dividend of 6 cents, representing an effective 10% increase in total dividends for the period.
- The Company increased its cash holdings to \$26 million at 31 January 2016, representing 13% of net assets at period end. Cash includes holdings of \$15.6 million in Australian dollars and \$10.3 million in foreign currency.



RESULTS FOR ANNOUNCEMENT TO THE MARKET

The reporting period is the half year ended 31 January 2016 with the previous corresponding period being the half year ended 31 January 2015 unless otherwise stated. The results have been reviewed by the company's auditors.

DIVIDENDS

Interim fully franked LIC capital gains tax dividend per share	0% change	6.0 cents
--	-----------	-----------

The record date for the interim dividend	5th April 2016
--	----------------

The payment date of the interim dividend	28th April 2016
--	-----------------

The interim dividend is classified as a fully franked LIC capital gains tax dividend subject to the Company's full year result.

A 1:10 bonus issue of ordinary shares was made to shareholders during the period, with the new shares ranking equally for the current interim dividend, providing shareholders with an effective 10% increase in the total dividend to be paid.

REVENUE

Total Revenue from Ordinary Activities	Up 5%	\$10.9 million
Other Income	Up 523%	\$23.6 million

EARNINGS

Profit after tax	Up 295%	\$18.6 million
Earnings per share	Up 294%	34.7c

NET TANGIBLE ASSETS PER SHARE

Before provision for tax on unrealised gains	Up 3.2%*	\$3.89
After provision for tax on unrealised gains	Up 4.3%*	\$3.62

* Net assets per share as at 31 July 2015 have been restated for comparative purposes to reflect the 1 for 10 bonus issue during the period.



RESULTS FOR ANNOUNCEMENT TO THE MARKET

PROFIT AND LOSS STATEMENT

For the half year ended	31 Jan 2016 \$'000	31 Jan 2015 \$'000	Movement
Revenue from Ordinary Activities			
Interest income	91	145	-37%
Investment properties	9,788	9,558	2%
Equities	964	781	23%
Managed private equities	39	(91)	143%
Total Revenue from Ordinary Activities	10,882	10,393	5%
Expenses			
Investment and development property	3,762	3,695	2%
Borrowing cost	1,566	1,592	-2%
Administration, public company and other	2,005	1,602	25%
Total Expenses	7,333	6,889	6%
Net Income from Ordinary Activities	3,549	3,504	1%
Income tax expense – ordinary activities	(1,123)	(1,227)	8%
Net Profit after Tax on Ordinary Activities	2,426	2,277	7%
Other income	23,641	3,797	523%
Unrealised impairment on listed equities	(431)	(194)	-122%
Profit Before Tax	25,636	5,880	336%
Income tax expense – other activities	(6,995)	(1,159)	504%
Profit After Tax	18,641	4,721	295%
Other Comprehensive Income			
Items that may be reclassified to profit or loss:			
Transfer from unrealised reserves to realised gains after tax	(6,778)	(1,132)	na
(Decrease) / Increase in fair value of investments net of tax	(765)	434	na
Total Comprehensive Income	11,098	4,023	176%

COMMENTARY

The Company's focus is on growing Net Income from Ordinary Activities (i.e. interest, rent and dividends received less operating expenses) as the principal source of income used to pay ordinary dividends.

Total Revenue from Ordinary Activities of \$10.9 million was 5% higher than in the prior corresponding period due to increased income from the Pacific Coast Shopping Centre portfolio as well as the Equities and Managed Private Equities portfolios.

Total Expenses of \$7.3 million were 6% higher than the prior corresponding period due largely due to the write off of a tenancy loan at Moonee Beach and to an increase in Administrative Expenses.

Net Income from Ordinary Activities of \$3.5 million before tax was 1% higher than the prior corresponding period last year primarily due to the effect of increased revenues, offset by an increase in Total Expenses.



RESULTS FOR ANNOUNCEMENT TO THE MARKET

COMMENTARY

Other Income of \$23.6 million, which includes realised and unrealised gains and losses on the investment portfolio but excludes unrealised movements in Equities, was 523% higher than the prior corresponding period. Key items of Other Income include \$18.5 million of realised gains from the Equities portfolio and \$4.6m of unrealised gains from the Investment Properties portfolio.

Profit After Tax was \$18.6 million, up 295% on the prior corresponding period.

Total Comprehensive Income of \$11.1 million was 176% higher than the prior corresponding period.

SHAREHOLDER RETURNS

For the half year ended	<u>Before</u> tax on unrealised capital gains	<u>After</u> tax on unrealised capital gains
Opening net assets per share as at 31 July 2015*	\$3.77	\$3.47
Closing net assets per share as at 31 January 2016	\$3.89	\$3.62
Increase in net assets per share	12c	15c
Plus ordinary dividend paid	6c	6c
Total Return for the six month period (c)	18c	21c
Total Return for the six month period (%)	4.8%	6.1%

* Net assets per share as at 31 July 2015 have been restated for comparative purposes to reflect the 1 for 10 bonus issue.



RESULTS FOR ANNOUNCEMENT TO THE MARKET

INVESTMENT PORTFOLIO

Pacific Coast Shopping Centres

The Board continues to be pleased with the underlying financial and operational performance of the Pacific Coast Shopping Centre portfolio. Valuations remain strong and well supported, as evidenced by recent market sales. Management have identified significant development opportunities at each centre, subject to feasibility and Board approval as discussed below.

Moonee Marketplace

Over the past six months, the Company has initiated a targeted leasing and capital works program aimed at filling vacancies. Strong leasing interest has been achieved to date having secured two bulky goods tenancies including a health club, which opened in October 2015. The capital works program includes installing shade sails in the car park and the partial enclosure of the mall to provide improved weather protection.

This is expected to improve the performance of the centre which has been impacted by the entry of a new supermarket nearby.

Coffs Central

The Company has received development approval to expand the centre to create some 2,000m² of additional retail space with works due to commence in the second half. Further development applications have been lodged for longer term master planning of the site. Council has completed a \$3 million capital upgrade to the adjoining carpark with a further \$5 million of city centre works due to be completed in the current calendar year aimed at further revitalising the City Centre of Coffs Harbour.

The underlying performance of Coffs Central has been steady with no material change to occupancy levels and stable retailer sales.

Kempsey Central

The Company was part of a successful joint application to secure a Federal grant to develop a cinema on top of Kempsey Central in conjunction with Council and a cinema operator. The objective of the venture is to stimulate retail sales and employment incomes in the town centre. Management will continue to work constructively with the Kempsey Council and a local cinema operator to bring the opportunity to fruition.

Kempsey Central has had a very strong trading performance over the past 12 months with sales growth of more than double the NSW retail average.

Port Central

Foot traffic and specialty retail sales at Port Central have been relatively strong, reflecting a very vibrant local economy which is being supported by strong tourism numbers and a number of new developments in the area including building a new university campus.

At Port Central the Company continues to look for ways to improve the customer experience. In particular, the Company is currently working towards installing a new digital audio visual platform throughout the Centre, and initiating a significant upgrade to the public Wi-Fi system bringing the customer experience at Port Central to the same level being offered at Coffs Central.

Further Development Opportunities

All four shopping centres currently have further development opportunities at various stages of evaluation. The majority of these opportunities are at the preliminary stage, involving conceptual design and feasibility. Some minor works have commenced at Moonee Beach during the period as noted above. Coffs Central has received development approval for both an expansion and a Level 1 reconfiguration subject to commercial negotiations and Board approval. Significant development opportunities at Port Central are also being investigated. Should all these projects proceed, there is the potential for in excess of \$100 million of capital works over the next 24 to 36 months.



RESULTS FOR ANNOUNCEMENT TO THE MARKET

INVESTMENT PORTFOLIO

Equity Investments

This financial period will undoubtedly be most remembered for the outstanding performance of the now fully realised investment in Blackmores Limited. This long term investment was initially sold down by 30% when its value increased to such an extent that the portfolio became overweighted. Despite the strong underlying performance of the business, the balance of the holding was then sold above \$200 when the share price was assessed to have run too far ahead of its valuation and also due to the significant uncertainty in investment markets at the time.

Boundary Bend has provided positive results and feedback, with the new US operations starting to get underway in a meaningful manner. During the first half, sales of Boundary Bend's packaged olive oil products under the brand name Cobram Estate and Red Island are reported to have increased 9.4% ahead of the same period last year.

TPI Enterprises, whose business is the manufacture of pharmaceutical grade morphine, listed during the half and has subsequently moved its manufacturing facility from Tasmania to Victoria. TPI has received regulatory permission to grow poppies in Victoria, South Australia and the Northern Territory. These new sources of poppy straw along with continuing supplies from Tasmania should underwrite the feasibility of the new Melbourne facility.

DiCE Molecules, a US biotech company with unique technology to identify cures for currently incurable diseases, announced a successful agreement with Sanofi, the largest French Pharmaceutical company to utilise DiCE's technology. The Sanofi agreement is an important milestone in the development of DiCE Molecules and should support its working capital requirements for the next five years. According to reports, the contract is initially for US\$50 million in research funding and up to US\$2.3 billion if DiCE Molecules is able to meet key research milestones.

During the period the Company made a new investment in Hydration Pharmaceuticals. After the successful development and sale of Hydrolyte Australia to Prestige Brands Inc, the team from Hydrolyte Australia have focussed their attention on US and Canadian markets through Hydration Pharmaceuticals. Hydration Pharmaceuticals has formed a major distribution partnership in the US with Emerson Inc. which has also become a foundation investor in the business.

OUTLOOK

Australian and international equity markets peaked around April last year. Markets have been weak and volatile since then, with volatility becoming extreme in January and early February this year. A number of OECD central banks have set their benchmark interest rates at below zero, a setting the Company does not believe is sending out a positive message regarding the global economy.

With interest rates at such low settings, there is further uncertainty regarding the ability of both central bank and government to stimulate their respective economies, should the world move into a recession again.

The Company is currently holding substantial cash reserves which the Board believes is prudent in the current environment despite the prospect of earning the lowest rates of interest in living memory. The Board and Management will continue to be on the lookout for sound long-term investments that will enhance shareholder returns.



RESULTS FOR ANNOUNCEMENT TO THE MARKET

GOWINGS AT A GLANCE

	31 Jan 2016	31 Jul 2015
	\$	\$
Cash		
Australian Dollars	15,644,000	1,027,000
Foreign Currency	10,307,000	11,810,000
Total	25,951,000	12,837,000
Australian Equity Portfolio		
Boundary Bend Limited	5,539,000	5,371,000
Carlton Investments	5,451,000	5,509,000
Westpac Banking Corporation	2,499,000	2,824,000
TPI Group Limited	2,440,000	2,000,000
ANZ Banking Group	2,418,000	3,268,000
National Australia Bank	2,162,000	2,816,000
BT Investments	1,820,000	1,663,000
Tassal Group	1,443,000	1,128,000
Blackmores Ltd	-	9,009,000
Woolworths Ltd	-	2,860,000
Other holdings	15,344,000	14,108,000
Sub-Total	39,116,000	50,556,000
International Holdings		
Hydration Pharmaceuticals	2,767,000	-
DiCE Molecules	1,349,000	1,349,000
Other	1,515,000	3,186,000
Sub-Total	5,631,000	4,535,000
Total Equity Holdings	44,747,000	55,091,000
Managed Private Equity Portfolio	2,798,000	2,604,000
Pacific Coast Shopping Centre Portfolio		
Sub-regional shopping centres	144,347,000	139,747,000
Neighbourhood shopping centres	33,279,000	33,000,000
Borrowings	(47,000,000)	(47,000,000)
Total	130,626,000	125,747,000
Other Direct Properties		
Property	13,547,000	13,154,000
Borrowings	(1,850,000)	(1,900,000)
Total	11,697,000	11,254,000
Working Capital	(6,793,000)	(4,251,000)
Net assets before tax on unrealised gains on equities and investment properties	209,026,000	203,282,000
Provision for tax on unrealised gains on equities and investment properties	(14,662,000)	(16,511,000)
Net assets after tax on unrealised gains on equities and investment properties	194,364,000	186,771,000



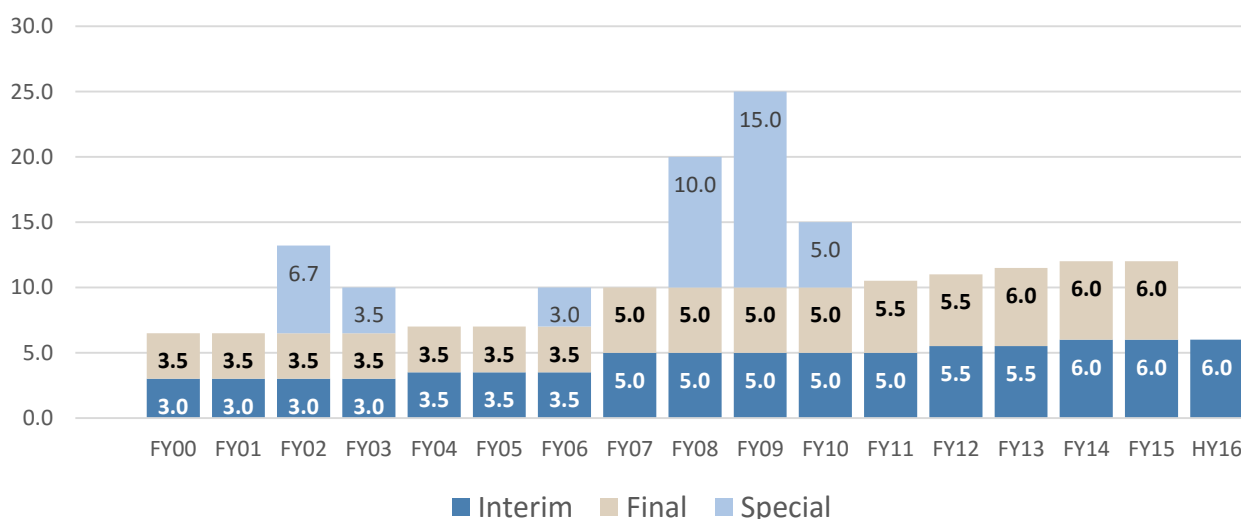
RESULTS FOR ANNOUNCEMENT TO THE MARKET

KEY METRICS

	31 Jan. 2016 (6 months)	31 July 2015 (12 months)	31 July 2014 (12 months)	31 July 2013 (12 months)	31 July 2012 (12 months)
Net Assets	\$194.4m	\$186.8m	\$170.2m	\$157.2m	\$150.5m
Net Assets per Share*					
- Before tax on unrealised gains	\$3.89	\$3.77	\$3.34	\$2.99	\$2.83
- After tax on unrealised gains	\$3.62	\$3.47	\$3.16	\$2.92	\$2.79
Total Comprehensive Income	\$11.1m	\$22.5m	\$18.9m	\$12.4m	\$5.6m
Earnings per Share*	34.7c	35.5c	26.1c	13.5c	11.1c
Dividends per Share*	6.0c	12.0c	12.0c	11.5c	11.0c
Total Shareholder Return	4.8%	16.30%	15.20%	9.50%	3.50%

* Net Assets per share and Earnings per Share as at 31 July 2015 and previous years have been restated for comparative purposes to reflect the 1 for 10 bonus issue during the period. Dividends per share have not been adjusted.

DIVIDENDS PER SHARE (Unadjusted for 1:10 Bonus Issue during the period)



Dividends are reflected per share and therefore the 1HY16 Interim Dividend of 6c is effectively a 10% increase when taking into account the 1 for 10 bonus issue of shares during the period.



DIRECTORS' REPORT

DIRECTORS

The names of each person serving as a Director, either during or since the end of the half year, are set out below:

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

REVIEW OF OPERATIONS

Refer to Results for Announcement to the Market.

ROUNDING OFF

The company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and, in accordance with that Class Order, amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars unless otherwise stated.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration given to the Directors by the lead auditor for the review undertaken by HLB Mann Judd is included in page 25.

Dated this 30th day of March 2016 in accordance with a resolution of the directors.

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

J. E. Gowing

Managing Director



STATEMENT OF PROFIT OR LOSS

FOR THE HALF YEAR ENDED 31 JANUARY 2016

	Notes	31 Jan 2016	31 Jan 2015
		\$'000	\$'000
Revenue			
Interest income		91	145
Equities		964	781
Private equities		39	(91)
Investment properties		9,788	9,558
Total Revenue		10,882	10,393
Other Income			
Gains (losses) on disposal or revaluation of:			
- Equities		18,545	1,258
- Private equities		283	(167)
- Investment properties		4,615	1,673
- Development properties		17	387
- Other		181	646
Total Revenue and other Income		34,523	14,190
Expenses			
Investment properties		3,762	3,695
Administration		793	421
Borrowing costs		1,566	1,592
Depreciation		64	59
Employee benefits		905	892
Public company		243	230
Total Expenses		7,333	6,889
Profit from continuing operations before income tax expense		27,190	7,301
Unrealised impairment – equities		(431)	(194)
Profit before tax from continuing operations		26,759	7,107
Income tax expense	3	(8,118)	(2,386)
Profit from continuing operations		18,641	4,721

The statement of profit or loss should be read in conjunction with the notes as set out on pages 15 to 23.



STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 JANUARY 2016

	Notes	31 Jan 2016	31 Jan 2015
		\$'000	\$'000
Profit from continuing operations		18,641	4,721
Other Comprehensive Income			
Items that may be reclassified to profit or loss			
Transfer from unrealised reserves to realised gains after tax		(6,778)	(1,132)
(Decrease) / Increase in fair value of investments net of tax		(765)	434
Total Comprehensive Income		11,098	4,023
Basic earnings per share	7	34.7c	8.8c

The statement of comprehensive income should be read in conjunction with the notes as set out on pages 15 to 23.



STATEMENT OF FINANCIAL POSITION

AS AT 31 JANUARY 2016

	Notes	31 Jan 2016	31 Jul 2015
		\$'000	\$'000
Current Assets			
Cash and cash equivalents		25,951	12,839
Development properties		381	1,264
Loans receivable		414	1,202
Trade and other receivables		1,273	868
Other		650	679
Total Current Assets		28,669	16,852
Non-Current Assets			
Receivables		268	304
Equities		43,232	51,905
Private equities		2,798	2,604
Development properties		1,457	1,454
Investment properties	4	187,678	182,787
Property plant & equipment		3,065	3,074
Deferred tax assets		3,298	4,331
Other		1,916	2,231
Total Non-Current Assets		243,712	248,690
Total Assets		272,381	265,542
Current Liabilities			
Trade and other payables		2,491	2,083
Borrowings		1,850	5,955
Current tax liabilities		5,183	492
Provisions		166	185
Total Current Liabilities		9,690	8,715
Non-Current Liabilities			
Borrowings		47,000	47,000
Provisions		214	189
Deferred tax liabilities		21,113	22,867
Total Non-Current Liabilities		68,327	70,056
Total Liabilities		78,017	78,771
Net Assets		194,364	186,771
Equity			
Contributed equity		12,652	13,217
Reserves	5	100,501	108,044
Retained profits	6	81,211	65,510
Total Equity		194,364	186,771

The Statement of Financial Position should be read in conjunction with the notes as set out on pages 15 to 23.



STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 JANUARY 2016

	Contributed Equity \$'000	Capital Profits Reserve- Pre CGT Profits \$'000	Investment Revaluation Reserve- Equities \$'000	Retained Profits \$'000	Total \$'000
Balance at 1 August 2014	13,275	90,503	14,151	52,273	170,202
Total comprehensive income for the half year	-	-	(698)	4,721	4,023
Share buy-back	(58)	-	-	-	(58)
Transactions with owners in their capacity as owners:					
- Dividends paid	-	-	-	(2,940)	(2,940)
Balance at 31 January 2015	13,217	90,503	13,453	54,054	171,227
Balance at 1 August 2015	13,217	90,503	17,541	65,510	186,771
Total comprehensive income for the half year	-	-	(7,543)	18,641	11,098
Share buy-back	(565)	-	-	-	(565)
Transactions with owners in their capacity as owners:					
- Dividends paid	-	-	-	(2,940)	(2,940)
Balance at 31 January 2016	12,652	90,503	9,998	81,211	194,364

The statement of changes in equity should be read in conjunction with the notes as set out on pages 15 to 23.



STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 JANUARY 2016

	31 Jan 2016	31 Jan 2015
	\$'000	\$'000
Cash Flows from Operating Activities		
Receipts in the course of operations (inclusive of GST)	11,344	10,085
Payments to suppliers and employees (inclusive of GST)	(5,425)	(4,741)
Dividends received	783	781
Interest received	91	137
Borrowing costs	(1,566)	(1,592)
Income taxes refund (paid)	(985)	192
Net Cash inflow from Operating Activities	4,242	4,862
Cash Flows from Investing Activities		
Payments for purchases of property, plant and equipment	(56)	(25)
Payments for purchases of equity investments	(9,832)	(2,974)
Payments for purchases of investment properties	(1,037)	(751)
Payments for purchases of development property	(3)	(7)
Proceeds from sale of equity investments	25,723	6,655
Proceeds from sale of investment property	-	650
Proceeds from loans on development property	788	-
Proceeds from sale of development property	896	-
Net Cash inflow from Investing Activities	16,479	3,548
Cash Flows from Financing Activities		
Payments for share buy-backs	(564)	(58)
Proceeds from borrowings	-	4
Repayment of borrowings	(4,105)	(82)
Dividends paid	(2,940)	(2,940)
Net Cash outflow from Financing Activities	(7,609)	(3,076)
Net increase in Cash Held	13,112	5,334
Cash at the beginning of the period	12,839	7,243
Cash at the end of the period	25,951	12,577

The statement of cash flows should be read in conjunction with the notes as set out on pages 15 to 23.



NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements are a general purpose financial report prepared in accordance with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Act 2001.

The interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the annual financial report of the company as at and for the year ended 31 July 2015 together with any public announcements made during the half year. Comparative information has been reclassified where appropriate to enhance comparability.

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

The preparation of an interim financial report requires conformity with Australian Accounting Standards in the use of certain critical accounting estimates. It also requires management to exercise its 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 carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period. If the revision affects the current and future periods, then the revision is made over current and future periods accordingly.

The accounting policies applied in these interim financial statements are the same as those applied in the company's financial statements as at and for the year ended 31 July 2015.



NOTES TO THE INTERIM FINANCIAL STATEMENTS

2. SEGMENT INFORMATION

Business segments

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

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

	31 Jan 2016	31 Jan 2015
	\$'000	\$'000
Segment revenue		
Cash and fixed interest – interest received	91	145
Equities – dividends and option income	964	781
Private equities – distributions received	39	(91)
Investment properties – rent received	9,788	9,558
Total segment revenue	10,882	10,393
Segment other income		
Equities – realised gains on disposal	18,545	1,258
Private equities – unrealised fair value gain/(loss)	283	(167)
Investment properties – unrealised fair value gain	4,615	1,375
Investment properties – realised fair value gain	-	298
Development properties – unrealised fair value gain	17	387
Other	181	646
Total other income	23,641	3,797
Total segment revenue and other income	34,523	14,190
There were no inter-segment revenues and other income during the period.		
Segment result		
Cash and fixed interest	91	145
Equities	19,078	1,845
Private equities	322	(258)
Investment properties	9,075	5,946
Development properties	17	387
Other	(1,824)	(958)
	26,759	7,107
Income tax expense	(8,118)	(2,386)
Net profit after tax	18,641	4,721



NOTES TO THE INTERIM FINANCIAL STATEMENTS

2. SEGMENT INFORMATION

	31 Jan 2016	31 Jul 2015
	\$'000	\$'000
Segment assets		
Cash and interest receivable	27,340	14,142
Equities	43,232	51,905
Private equities	2,798	2,604
Investment properties	187,678	182,787
Development properties	2,252	3,920
Unallocated assets	9,081	10,184
Total assets	272,381	265,542
Segment liabilities		
Investment properties	48,850	49,195
Unallocated liabilities	29,167	29,576
Total liabilities	78,017	78,771

3. INCOME TAX

	31 Jan 2016	31 Jan 2015
	\$'000	\$'000
Prima facie tax expense on the net profit at 30%	8,028	2,132
Tax effect of permanent differences:		
Under provision prior year	299	475
Franked dividends	(209)	(221)
Income tax expense	8,118	2,386



NOTES TO THE INTERIM FINANCIAL STATEMENTS

4. NON-CURRENT INVESTMENT PROPERTIES

	31 Jan 2016	31 Jul 2015
	\$'000	\$'000
Land and buildings – at fair value	187,678	182,787
At fair value		
Balance at beginning of period	182,787	164,627
Additions	883	2,818
Disposal (proceeds)	-	(649)
Gain on disposal	-	173
Amortisation on incentives	(607)	(1,095)
Net gain from fair value adjustment	4,615	16,913
Balance at end of period	187,678	182,787

	31 Jan 2016	31 Jan 2015
	\$'000	\$'000
Amounts recognised in profit or loss for investment purposes		
Rental revenue	9,788	9,558
Direct operating expenses from rental generating properties	(5,328)	(5,285)
Gain on revaluation	4,615	1,500
Gain on disposal	-	173
	9,075	5,946

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

	Valuation Method	Cap Rate	31 Jan 2016	31 Jul 2015
			\$'000	\$'000
Sub-regional Shopping Centres (Coffs Central and Port Central)	(a)	7.45%	144,347	139,747
Neighbourhood Shopping Centres (Kempsey Central and Moonee Marketplace)	(a)	8.43%	33,279	33,000
Other Properties	(b)	n/a	10,052	10,040
Total			187,678	182,787

- (a) Fair value is based on capitalisation rates, which reflect vacancy rates, tenant profile, lease expiry, developing potential and the underlying physical condition of the centre. The higher the capitalisation rate, the lower the fair value. Capitalisation rates used at 31 January 2016 were based on management prepared valuations and externally prepared appraisals.
- (b) Current prices in an active market for properties of similar nature or recent prices of different nature in less active markets.



NOTES TO THE INTERIM FINANCIAL STATEMENTS

5. RESERVES

	31 Jan 2016	31 Jul 2015
	\$'000	\$'000
Capital profits reserve	90,503	90,503
Investment revaluation reserve – equities	9,998	17,541
Total Reserves	100,501	108,044

6. RETAINED PROFITS

Retained profits at the beginning of the financial period	65,510	52,273
Net profit attributable to members of Gowing Bros. Limited	18,641	19,114
Dividends provided for or paid	(2,940)	(5,877)
Retained Profits at end of the financial period	81,211	65,510

7. EARNINGS PER SHARE (EPS)

	31 Jan 2016	31 Jan 2015
	\$'000	\$'000
Earnings reconciliation:		
Basic and diluted earnings (Net profit)	18,641	4,721
Weighted average number of ordinary shares on issue used in the calculation of basic and diluted earnings per share.	Total No. 53,781,080	Total No. 53,884,825
Basic and diluted earnings per share	34.7c	8.8c

At balance date there were no options on issue.

Earnings per Share have been restated to reflect the 1 for 10 bonus issue during the period.

8. NET TANGIBLE ASSET BACKING

	31 Jan 2016	31 Jul 2015
NTA per ordinary share before allowing for tax on unrealised capital gains	\$3.89	\$3.77
NTA per ordinary share after allowing for tax on unrealised capital gains	\$3.62	\$3.47

The company is a long term investor and does not intend to dispose of its investment portfolio. NTA per Share has been restated to reflect the 1 for 10 bonus issue during the period.



NOTES TO THE INTERIM FINANCIAL STATEMENTS

9. FINANCIAL INSTRUMENTS

a) 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 liabilities.

The following tables present the company's assets measured and recognised on a recurring basis at fair value at 31 January 2016 and 31 July 2015.

31 January 2016	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial assets available for sale				
Investments – Australian equities	33,004	-	8,879	41,883
Investments – Global equities	-	-	1,349	1,349
Financial assets designated at fair value through profit or loss				
Investments – private equities	-	-	2,798	2,798
Investments – properties	-	-	187,678	187,678
Total financial assets	33,004	-	200,704	233,708

31 July 2015	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial assets available for sale				
Investments – Australian equities	42,037	-	8,519	50,556
Investments – Global equities	-	-	1,349	1,349
Financial assets designated at fair value through profit or loss				
Investments – private equities	-	-	2,604	2,604
Investments – investment properties	-	-	182,787	182,787
Total financial assets	42,037	-	195,259	237,296

There were no transfers between level 1 and level 2 fair value measurements during the half year. For transfers in and out of level 3 see (c) below.

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



NOTES TO THE INTERIM FINANCIAL STATEMENTS

9. FINANCIAL INSTRUMENTS

b) Disclosed fair values

For all financial instruments measured at fair value their carrying values approximate their fair values.

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

The following table presents the changes in level 3 items for the period ended 31 January 2016 fair value measurements on a recurring basis:

	Unlisted Equities	Global Equities	Private Equities	Investment Properties	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance 1 August 2015	8,519	1,349	2,604	182,787	195,259
Transfer from unlisted to listed	(2,001)	-	-	-	(2,001)
Total gains and (loss) recognised in profit or loss - unrealised	-	-	57	4,615	4,672
Total gains and (loss) recognised in profit or loss - realised	-	-	18	-	18
Total gains and (loss) recognised in other comprehensive income	(405)	-	-	-	(405)
Additions including purchases, tenant incentives, and straight-line rental income net of amortisation	2,766	-	273	276	3,315
Sales proceeds	-	-	(154)	-	(154)
Closing balance 31 January 2016	8,879	1,349	2,798	187,678	200,704

The fair value of unlisted equities and global equities is determined by the Directors taking into account recent off market trades and other relevant factors.

The fair value of managed private equities has been determined by reference to "fund manager's" valuations.

The fair value of investment properties has been determined by applying projected net rental income of each property to capitalisation rates for similar investment properties, as detailed in note 4. At 31 January 2016, a reduction of 0.5% in the capitalisation rate applied to each property would result in an additional gain of \$12.5 million (31 July 2015 \$12.0 million) in the statement of profit or loss and the statement of comprehensive income. Similarly, an increase of 0.5% in the capitalisation rate would result in an additional loss of \$10.9 million (31 July 2015 \$10.5 million) in the statement of profit or loss and the statement of comprehensive income.



NOTES TO THE INTERIM FINANCIAL STATEMENTS

10. DIVIDENDS

	Cents per Share	Total	Date
The following dividends were paid by the company:		\$'000	
Interim dividend 31 January 2015	6.0c	2,940	24-Apr-15
Final dividend 31 July 2015	6.0c	2,940	23-Oct-15
Since the end of the period, the directors resolved to pay the following dividend:			
Interim dividend 31 January 2016	6.0c	3,222	28-Apr-16

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

The financial effect of the dividend resolved to be paid subsequent to reporting date has not been brought to account in the financial statements for the half year ended 31 January 2016 and will be recognised in subsequent financial reports.

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

11. INTERESTS IN JOINT VENTURES

The economic entity has an interest in the following joint venture operations:

	% OF OWNERSHIP HELD AT END OF PERIOD		CONTRIBUTION TO NET PROFIT (LOSS)	
	31-Jan-16 %	31-Jan-15 %	31-Jan-16 \$'000	31-Jan-15 \$'000
Joint Ventures:				
Elrington Partnership*	-	-	-	189
Regional Retail Properties	50	50	73	61
Total	50	50	73	250

*Elrington Partnership was dissolved in December 2014.



NOTES TO THE INTERIM FINANCIAL STATEMENTS

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

	Total No.
Ordinary Securities:	
Opening Balance	48,976,317
Bonus Issue	4,897,284
Share buy-back	(181,402)
Closing Balance	53,692,199

13. COMMENTS BY DIRECTORS

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

Nil.

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

The Company has sufficient franking credits (\$12 million) to fully frank all dividends that have been declared.

14. COMMITMENTS FOR EXPENDITURE

Capital commitments

The company has uncalled capital commitments of up to \$2,450,000 (31 July 2015: \$2,450,000) over a period of up to 10 years in relation to private equity and property fund investments held at period end.

15. SUBSEQUENT EVENTS

Subsequent to period end, the Company acquired an Investment Property to the value of \$1.6 million.

No other matters or circumstances have arisen which have 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. Dividends announced since period end have been included in Note 10.



DIRECTORS' DECLARATION

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

1. the financial statements and notes set out on pages 10 to 23 are in accordance with the Corporations Act 2001, including:
 - (a) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001, and;
 - (b) giving a true and fair view of the company's financial position as at 31 January 2016 and of its performance for the half year ended on that date.
2. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

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

J. E. Gowing

Managing Director


30th March 2016

GOWING BROS. LIMITED
AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Gowing Bros. Limited:

As lead auditor for the review of the financial report of Gowing Bros. Limited for the half-year ended 31 January 2016, 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 review; and
- (b) any applicable code of professional conduct in relation to the review.



Sydney, NSW
30 March 2016

S Grivas
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

Liability limited by a scheme approved under Professional Standards Legislation

HLB Mann Judd (NSW Partnership) is a member of  International. A world-wide network of independent accounting firms and business advisers.

GOWING BROS. LIMITED
INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Gowing Bros. Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Gowing Bros. Limited ("the Company"), which comprises the statement of financial position as at 31 January 2016, statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such 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.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Company's financial position as 31 January 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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

Independence

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

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

Liability limited by a scheme approved under Professional Standards Legislation

HLB Mann Judd (NSW Partnership) is a member of  International. A world-wide network of independent accounting firms and business advisers.

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Gowing Bros. Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Company's financial position as at 31 January 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

S. Grivas

S Grivas
Partner

Sydney, NSW
30 March 2016