

APPENDIX 4E | For the year ended 31 July 2016



Est. 1868

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

- Total shareholder return before tax on unrealised gains of 9.8% for the year ended 31 July 2016 was pleasing, considering the volatility and general weakness in investment markets during the period.
- Net assets per share before tax on unrealised gains increased to \$4.02 from \$3.77 during the year to 31 July 2016 after the payment of 12.0c in dividends. Opening net assets per share have been restated for comparative purposes for the 1:10 bonus issue made 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, the appreciation in the value of our investment in Boundary Bend Ltd, and the increase in the value of our Pacific Coast Shopping Centre portfolio.
- Profit After Tax increased 15% to \$22 million, up from \$19.1 million in the prior year. This figure includes the capital gain from the sale of shares in Blackmores and the revaluation of the Pacific Coast Shopping Centre portfolio.
- Positive returns were generated by all segments of the business with the Equity Portfolio generating a total return of 23.6%.
- Shareholders received a bonus issue of shares of 1:10 during the first half of the year, as previously announced. The bonus shares rank equally for the final fully franked LIC dividend of 6 cents, which including the interim dividend of 6 cents brings the total dividend for the year to 12 cents, an effective 10% increase in total dividends for the year.
- The Company has maintained a conservative cash balance of \$21 million, representing 11% of net assets at year end.



RESULTS FOR ANNOUNCEMENT TO THE MARKET

The reporting period is the year ended 31 July 2016 with the previous corresponding period being the year ended 31 July 2015.

DIVIDEND

Final fully franked LIC capital gains tax dividend per share	0% change	6.0 cents
The record date for the final dividend		6 October 2016
The payment date of the final dividend		27 October 2016

The final dividend is classified as a fully franked LIC capital gains tax dividend.

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

REVENUE

Total Revenue from Ordinary Activities	Up 6%	\$22.1 million
Other Income	Up 24%	\$24.9 million

EARNINGS

Profit after tax	Up 15%	\$22.0 million
Earnings per share	Up 15%*	40.92c

NET TANGIBLE ASSETS PER SHARE

Before provision for tax on unrealised gains	Up 6.7%*	\$4.02
After provision for tax on unrealised gains	Up 6.6%*	\$3.70

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

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



RESULTS FOR ANNOUNCEMENT TO THE MARKET

PROFIT AND LOSS STATEMENT

For the year ended	31 July \$'000	31 July 2015 \$'000	Movement %
Revenue from ordinary activities			
Interest income	306	224	37%
Equities	1,587	1,621	-2%
Private equities	1,156	-	n/a
Investment properties	19,094	19,086	0%
Total revenue from ordinary activities	22,143	20,931	6%
Expenses			
Investment property expenses	7,293	7,416	-2%
Administration expenses	1,177	1,039	13%
Borrowing cost expenses	3,007	3,123	-4%
Depreciation expenses	133	124	7%
Employee benefits expense	1,718	1,427	20%
Public company expenses	609	423	44%
Total expenses	13,937	13,552	3%
Net income from ordinary activities	8,206	7,379	11%
Other income	24,879	20,067	24%
Unrealised impairment on listed equities	(1,640)	(266)	n/a
Profit before income tax expense	31,445	27,180	16%
Income tax expense	(9,455)	(8,066)	17%
Profit after tax	21,990	19,114	15%

COMMENTARY

The **Company's focus** is to preserve and grow the value of its underlying financial and real assets and to grow Net Income from Ordinary Activities as the principle source of income to pay ordinary dividends.

Total Revenue from Ordinary Activities of \$22.1 million was 6% higher than in the prior corresponding period due to increased distributions from the Managed Private Equities portfolios.

Total Expenses of \$13.9 million were 3% higher than the prior corresponding period largely due to an increase in administrative, employee and public company expenses.

Net Income from Ordinary Activities of \$8.2 million before tax was 11% higher than the prior corresponding period primarily due to the increased distributions from private equities.

Other Income of \$24.9 million, was 24% higher than the prior corresponding period, and includes realised and unrealised gains and losses on the investment portfolio but excludes unrealised movements in equities. Key items of Other Income include \$18.6 million of realised gains from the Equities portfolio and \$7.7m of unrealised gains from the Pacific Coast Shopping Centre portfolio.

Profit After Tax was \$22 million, up 15% on the prior corresponding period.



RESULTS FOR ANNOUNCEMENT TO THE MARKET

SHAREHOLDER RETURNS

For the year ended 31 July 2016	<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 July 2016	\$4.02	\$3.70
Increase in net assets per share	\$0.25	\$0.23
Plus ordinary dividend paid	\$0.12	\$0.12
Total Return for the 12 month period (c)	\$0.37	\$0.35
Total Return for the 12 month period (%)	9.8%	10.1%

* 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.

INVESTMENT PORTFOLIO

Pacific Coast Shopping Centres

The Board continues to be pleased with the underlying performance of the Pacific Coast Shopping Centre portfolio. Valuations remain buoyant and well supported, as evidenced by recent market sales. As an active owner, the Company has progressed significant development opportunities at each of the centres, and continues to work with local government and prospective retail partners to prove up the financial feasibility of each of the opportunities. The objective of each of the developments is to increase the income generating potential of the centres over the long term.

Port Central

Foot traffic and specialty retail sales at Port Central continue to benefit from a vibrant local economy which is being supported by strong tourism and a number of new developments in the area including a new university campus.

The Company has secured an option over an adjoining block of land to investigate the feasibility of expanding the centre and adding much needed additional car parking spaces.

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.

Coffs Central

The Company has received development approval to extend the centre to create an additional 2,000m² of retail space with proposed works due to commence in the second half of the calendar year. Further development applications have been lodged for long term master planning of the property. The Company in partnership with Coffs Harbour City Council has completed an upgrade of the Harbour Drive intersection to improve traffic flow and pedestrian amenity around the centre.

Following the completion earlier this year of the car park upgrade by Council, there is a further \$5 million of city centre works due to be commenced by Council in the next 18 months, aimed at further revitalising the City Centre of Coffs Harbour.



RESULTS FOR ANNOUNCEMENT TO THE MARKET

INVESTMENT PORTFOLIO (CONTINUED)

Kempsey Central

As outlined in the interim report, the Company was part of a successful joint application to secure a Federal grant to develop a cinema on top of Kempsey Central in partnership with Kempsey Council and a cinema operator. The Company is now working with Council and the Company's engineers to prove up the feasibility of the project.

The objective of the venture is to stimulate retail sales and employment in the town centre. The Company will continue to work constructively with the Kempsey Council and a local cinema operator to bring the opportunity to fruition.

Moonee Marketplace

The ongoing targeted leasing and capital works program has started to bear fruit with the signing of three strategically important tenants that will assist in creating a truly destinational centre. The Company also has a number of new leases currently in negotiation that should see the occupancy of the centre increase significantly during the next six months.

Moonee Marketplace continues to benefit from the opening of the dual carriageway between Coffs Harbour and Woolgoolga.

Infrastructure on the North Coast

The Company's Pacific Coast Shopping Centres are in a prime position to benefit from the significant upgrade to the Pacific Highway that is currently under construction. Anyone driving between Sydney and Brisbane will observe the extensive construction of roads and bridges currently underway. In the last six months the Fredricktown bypass and the Urunga bypass have opened taking a further 30 minutes off the trip between Sydney and Brisbane.

Equity Investments

The Equity Portfolio performed strongly during the year with a total return of 23.6% driven by Blackmores and Boundary Bend.

As outlined in the interim report, this financial year will undoubtedly be most remembered for the outstanding performance of the now fully realised investment in Blackmores Limited. The share price and valuation, in our view, significantly out ran the Company's long term fundamentals so selling became the most prudent option after a long period of ownership.

Boundary Bend Limited, an unlisted public company is Australia's largest vertical olive oil producer and wholesaler. Boundary Bend owns the well known brands of Cobram Estate and Red Island. It is now the Company's largest equity investment having doubled in value during the year.

TPI Enterprises manufactures pharmaceutical grade morphine and successfully moved its manufacturing facility from Tasmania to Victoria. TPI was originally a private equity investment of Gowings, prior to it listing during the year. TPI is well positioned to benefit from new sources of poppy straw which should help the company to realise its full potential.



RESULTS FOR ANNOUNCEMENT TO THE MARKET

INVESTMENT PORTFOLIO (CONTINUED)

Equity Investments (continued)

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 was an important milestone in the development of DiCE Molecules and should continue to support its working capital and operational requirements for the next five years.

During the year the Company made a new investment in Hydration Pharmaceuticals Trust, a manufacturer and distributor of the Hydralyte rehydration products globally (excluding Australia and New Zealand). Hydration Pharmaceuticals has formed a major distribution partnership in the US with Emerson Inc. which has also become a foundation investor in the business. Hydration Pharmaceuticals successfully launched its range of products in the US earlier this year. The Hydralyte product, which is well known in Australia, has been well received in the US, however it is still very early days.

Managed Private Equities

During the year, the Company made commitments to two managed private equity managers including \$1 million to 5V Fund II and \$1.5 million to the Our Innovation Fund. Both these managers have significant amounts of their own personal capital committed to these funds and have positive track records of managing private equity investments. As at year end our capital commitments remained uncalled.

Outlook

There continues to be significant uncertainty in global markets characterised by high levels of volatility, negative interest rates, global imbalances, political uncertainty and growing government deficits.

There have however been some improved signs of economic growth notably in the US, China and Australia. The portfolio remains cautiously positioned towards income yielding investments given the general uncertain outlook for capital growth.

The Company continues to hold above average 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 Company 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

As at	31 July 2016 \$'000	31 July 2015 \$'000
Cash		
Australian Dollars	17,122	1,029
Foreign Currency	3,875	11,810
Total	20,997	12,839
Australian Equity Portfolio		
Boundary Bend Limited	10,071	5,371
Carlton Investments	5,528	5,509
ANZ Banking Group	2,584	3,268
Westpac Banking Corporation	2,518	2,824
National Australia Bank	2,150	2,816
BT Investments	2,122	1,663
TPI Group Limited	1,933	2,000
Tassal Group	1,236	1,128
Event Hospitality	1,180	1,008
Magellan Financial Group	987	-
Blackmores Ltd	-	9,009
Woolworths Ltd	-	2,860
Other holdings	13,457	13,100
Total	43,766	50,556
International Holdings		
Hydration Pharmaceuticals	2,659	-
DiCE Molecules	1,349	1,349
Other	1,499	3,186
Total	5,507	4,535
Managed Private Equity Portfolio	2,679	2,604
Pacific Coast Shopping Centre Portfolio		
Sub-regional shopping centres	147,747	139,747
Neighbourhood shopping centres	34,238	33,000
Borrowings	(47,000)	(47,000)
Total	134,985	125,747
Other Direct Properties		
Property	15,838	13,154
Borrowings	(1,775)	(1,900)
Total	14,063	11,254
Working Capital	(6,098)	(4,253)
Net assets before tax on unrealised gains	215,899	203,282
Provision for tax on unrealised gains	(17,319)	(16,511)
Net assets after tax on unrealised gains	198,580	186,771



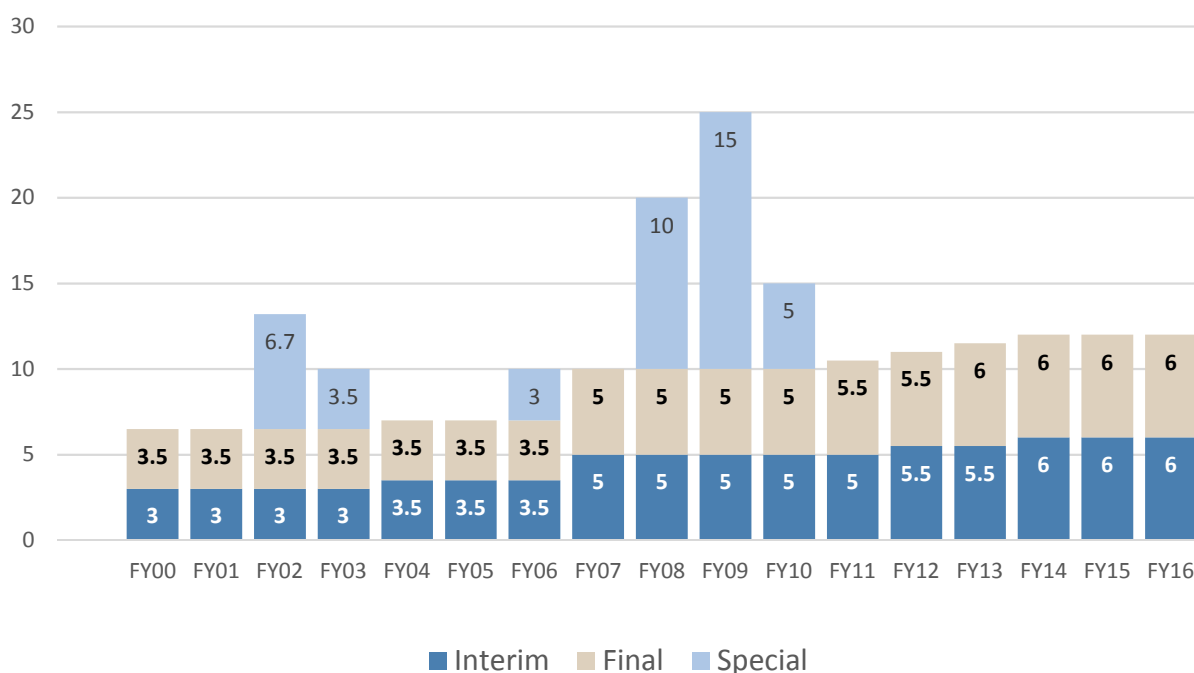
RESULTS FOR ANNOUNCEMENT TO THE MARKET

KEY METRICS

For the year ended	31 July 2016	31 July 2015	31 July 2014	31 July 2013	31 July 2012
Net Assets	\$198.6m	\$186.8m	\$170.2m	\$157.2m	\$150.5m
Net Assets per Share*					
- Before tax on unrealised gains	\$4.02	\$3.77	\$3.34	\$2.99	\$2.83
- After tax on unrealised gains	\$3.70	\$3.47	\$3.16	\$2.92	\$2.79
Net profit after tax	\$22.0m	\$19.1m	\$14.1m	\$7.3m	\$6.0m
Earnings per Share*	40.92c	35.48c	26.10c	13.50c	11.07c
Dividends per Share	12.0c	12.0c	12.0c	11.5c	11.0c
Total Shareholder Return	9.8%	16.3%	15.2%	9.5%	3.5%

* Net Assets per share and Earnings per Share as at and for the year ended 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 year)



Dividends are reflected per share and therefore the FY16 Final Dividend of 12c 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 year, are set out below:

Prof. J. West	(Non-executive Chairman)	appointed 7 April 2016
Mr J. E. Gowing	(Managing Director)	
Mr. S. J. Clancy	(Non-executive Director)	appointed 7 April 2016
Mr R. D. Fraser	(Non-executive Director)	
Mr J. G. Parker	(Non-executive Director)	
Mr W. A. Sailer	(Non-executive Chairman)	resigned 7 April 2016

REVIEW OF OPERATIONS

Refer to Results for Announcement to the Market.

ROUNDING OFF

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

Dated this 29 day of September 2016 in accordance with a resolution of the directors.

J. E. Gowing



STATEMENT OF PROFIT OR LOSS

For the year ended	Notes	31 July 2016 \$'000	31 July 2015 \$'000
Revenue			
Interest income		306	224
Equities		1,587	1,621
Private equities		1,156	-
Investment properties		19,094	19,086
Total revenue	2	22,143	20,931
Other income			
Gains / (losses) on disposal or revaluation of:			
Equities		18,581	1,258
Private equities		43	(169)
Investment properties		7,665	17,086
Development properties		17	472
Derivatives		(1,100)	-
Other income		(327)	1,420
Total other income	2	24,879	20,067
Total revenue and other income		47,022	40,998
Expenses			
Investment property expenses		7,293	7,416
Administration expenses		1,177	1,039
Borrowing cost expenses	3	3,007	3,123
Depreciation expenses	3	133	124
Employee benefits expense		1,718	1,427
Public company expenses		609	423
Total expenses		13,937	13,552
Profit from continuing operations before impairment & income tax		33,085	27,446
Unrealised impairment - equities		(1,640)	(266)
Profit before income tax expense		31,445	27,180
Income tax expense	4	(9,455)	(8,066)
Profit from continuing operations	8	21,990	19,114

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



STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended	Notes	31 July 2016 \$'000	31 July 2015 \$'000
Profit from continuing operations	8	21,990	19,114
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Transfer from unrealised reserves for realised (gains) / losses net of tax		(6,862)	324
Increase in fair value of investments net of tax		2,716	3,066
Gain on revaluation of property, plant and equipment net of tax		692	-
Total comprehensive income attributable to members of Gowing Bros.		18,536	22,504
Basic earnings per share	9	40.92c	35.48c
Diluted earnings per share	9	40.92c	35.48c

The above statement of comprehensive income should be read in conjunction with the accompanying notes.



STATEMENT OF FINANCIAL POSITION

As at	Notes	31 July 2016 \$'000	31 July 2015 \$'000
Current assets			
Cash and cash equivalents		20,997	12,839
Development properties		535	1,264
Loans receivable		2,394	1,202
Trade and other receivables		1,908	868
Other		618	679
Total current assets		26,452	16,852
Non-current assets			
Receivables		99	304
Equities		47,774	51,905
Private equities		2,679	2,604
Development properties		1,463	1,454
Investment properties	5	192,716	182,787
Property, plant and equipment		4,890	3,074
Deferred tax assets		4,191	4,331
Other		1,827	2,231
Total non-current assets		255,639	248,690
Total assets		282,091	265,542
Current liabilities			
Trade and other payables		3,332	2,083
Borrowings	6	27,775	5,955
Derivatives		1,100	-
Current tax liabilities		3,943	492
Provisions		263	185
Total current liabilities		36,413	8,715
Non-current liabilities			
Borrowings	6	21,000	47,000
Provisions		237	189
Deferred tax liabilities		25,861	22,867
Total non-current liabilities		47,098	70,056
Total liabilities		83,511	78,771
Net assets		198,580	186,771
Equity			
Contributed equity		12,652	13,217
Reserves	7	104,590	108,044
Retained profits	8	81,338	65,510
Total equity		198,580	186,771

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



STATEMENT OF CHANGES IN EQUITY

	Contributed Equity \$'000	Capital Profits Reserve- Pre CGT \$'000	Revaluation Reserves \$'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 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)
Balance at 31 July 2015	13,217	90,503	17,541	65,510	186,771
Total comprehensive income for the year	-	-	(3,454)	21,990	18,536
Transactions with owners in their capacity as owners:					
Share buy-back	(565)	-	-	-	(565)
Dividends paid	-	-	-	(6,162)	(6,162)
Balance at 31 July 2016	12,652	90,503	14,087	81,338	198,580

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



STATEMENT OF CASH FLOWS

For the year ended	31 July 2016	31 July 2015
	\$'000	\$'000
Cash flows from operating activities		
Receipts in the course of operations (inclusive of GST)	22,046	21,360
Payments to suppliers and employees (inclusive of GST)	(11,325)	(10,052)
Dividends received	1,587	1,621
Interest received	306	240
Borrowing costs	(3,007)	(3,123)
Income taxes paid	(1,359)	56
Net cash inflows from operating activities	8,248	10,102
Cash flows from investing activities		
Payments for purchases of properties, plant and equipment	(197)	(222)
Payments for purchases of development properties	(163)	(390)
Payments for purchases of investment properties	(3,850)	(2,818)
Payments for purchase of equity investments	(12,346)	(7,572)
Loans made	(2,003)	(381)
Proceeds from sale of properties, plant and equipment	90	-
Proceeds from sale of financial assets	27,463	7,051
Proceeds from sale of investment properties	146	649
Proceeds from loans on development properties	811	676
Proceeds from sale of development properties	866	828
Proceeds from sale of other assets	-	1
Net cash inflows/(outflows) from investing activities	10,817	(2,178)
Cash flows from financing activities		
Payments for share buy-backs	(565)	(58)
Proceeds from borrowings	-	3,768
Repayment of borrowings	(4,180)	(161)
Dividends paid	(6,162)	(5,877)
Net cash (outflows) from financing activities	(10,907)	(2,328)
Net increase in cash held	8,158	5,596
Cash and cash equivalents at the beginning of the financial year	12,839	7,243
Cash and cash equivalents at the end of the financial year	20,997	12,839

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), derivatives (financial liabilities at fair value through profit or loss), investment properties and certain classes of property, plant and equipment.

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.



NOTES TO THE FINANCIAL STATEMENTS

2. SEGMENT INFORMATION

Business Segments

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

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

For the year ended	31 July 2016	31 July 2015
	\$'000	\$'000
Segment revenue		
Cash and fixed interest – interest received	306	224
Equities – dividends and option income	1,587	1,621
Private equities – distributions received	1,156	-
Investment properties – rent received	19,094	19,086
	22,143	20,931
Segment other income		
Equities – realised gains on disposal	18,581	1,258
Private equities – unrealised fair value gains/(losses)	43	(169)
Investment properties – unrealised fair value gains	7,665	17,086
Development properties – realised gains on disposal	17	472
Other	(1,427)	1,420
	24,879	20,067
Total segment revenue and other income	47,022	40,998
Segment result		
Cash and fixed interest	306	224
Equities	18,528	2,613
Private equities	1,199	(169)
Investment properties	16,459	25,634
Development properties	17	472
Other	(5,064)	(1,594)
	31,445	27,180
Income tax (expense)	(9,455)	(8,066)
Net profit after tax	21,990	19,114



NOTES TO THE FINANCIAL STATEMENTS

2. SEGMENT INFORMATION (CONTINUED)

As at	31 July 2016 \$'000	31 July 2015 \$'000
Segment assets		
Cash and other receivable	22,164	14,142
Equities	47,774	51,905
Private equities	2,679	2,604
Investment properties	192,716	182,787
Development properties	2,389	3,920
Unallocated assets	14,369	10,184
Total assets	282,091	265,542
Segment liabilities		
Investment properties	48,775	49,195
Unallocated liabilities	34,736	29,576
Total liabilities	83,511	78,771

3. OPERATING PROFIT

For the year ended	31 July 2016 \$'000	31 July 2015 \$'000
Profit from continuing operations before income tax expense includes the following specific items:		
Depreciation	133	124
Interest expense	3,007	3,123

4. INCOME TAX EXPENSE

For the year ended	31 July 2016 \$'000	31 July 2015 \$'000
Reconciliation of income tax expense to prima facie tax		
Profit from continuing operations before income tax expense	31,445	27,180
Tax at the Australian tax rate of 30% (2015: 30%)	9,433	8,154
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-assessable income	54	(142)
Franked dividends	(383)	(422)
(Over) / under provision in prior year	351	(261)
Recognition of deferred tax asset	-	737
Income tax expense	9,455	8,066



NOTES TO THE FINANCIAL STATEMENTS

5. NON-CURRENT INVESTMENT PROPERTIES

As at	31 July 2016 \$'000	31 July 2015 \$'000
Land and buildings - at fair value	192,716	182,787
At fair value		
Balance at beginning of year	182,787	164,627
Additions	4,435	2,818
Disposal (proceeds)	(146)	(649)
Transfers in / (out)	(880)	-
Gain on disposal	-	173
Amortisation on incentives	(1,145)	(1,095)
Net gain from fair value adjustment	7,665	16,913
Balance at end of year	192,716	182,787
Amounts recognised in profit of loss for investment properties		
Rental revenue	19,094	19,086
Direct operating expenses from rental generating properties	(7,293)	(7,416)
Gain on revaluation	7,665	16,913
Gain on disposal	-	173
	19,466	28,756

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

	Valuation Method	Weighted average cap rate	31 July 2016 \$'000	31 July 2015 \$'000
Sub-regional shopping centres (Coffs Central & Port Central)	(a)	7.29%	147,747	139,747
Neighbourhood shopping centres (Kempsey Central and Moonee Marketplace)	(a)	8.26%	34,238	33,000
Other properties	(b)	n/a	10,731	10,040
			192,716	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 July 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 FINANCIAL STATEMENTS

6. BORROWINGS

As at	31 July 2016	31 July 2015
	\$'000	\$'000
Bills payable current – secured	27,775	1,900
Fixed and variable loans current - secured	-	4,055
Bills payable non-current – secured	21,000	47,000
	48,775	52,955
Total secured liabilities		
The total secured liabilities (current and non-current) are as follows:		
Bills payable ¹	48,775	48,900
Fixed loan	-	294
Variable loan	-	3,761
	48,775	52,955

¹Assets pledged as security

\$1.775m bill is secured against Bong Bong St, Bowral & 35-39 Wharf Street, Forster

\$26.0m bill is secured against Port Central Shopping Centre ("SC")

\$7.0m bill is secured against Kempsey Central SC

\$14.0m bill is secured against Coffs Central SC

7. RESERVES

As at	31 July 2016	31 July 2015
	\$'000	\$'000
Capital profits reserve	90,503	90,503
Asset revaluation reserve	692	-
Investment revaluation reserve - equities	13,395	17,541
	104,590	108,044

8. RETAINED PROFITS

As at	31 July 2016	31 July 2015
	\$'000	\$'000
Retained profits at the beginning of the financial year	65,510	52,273
Net profit attributable to members of Gowing Bros. Limited	21,990	19,114
Dividends provided for or paid	(6,162)	(5,877)
	81,338	65,510

9. EARNINGS PER SHARE

For the year ended	31 July 2016	31 July 2015
	\$'000	\$'000
Earnings reconciliation:		
Net profit after tax	21,990	19,114
Basic and diluted earnings	21,990	19,114

Weighted average number of ordinary shares on issue used in the calculation of basic and diluted earnings per share

53,736,761 53,879,311

Earnings per share have been restated to reflect the 1 for 10 bonus issue during the year.

At the balance date there were no options on issue.



NOTES TO THE FINANCIAL STATEMENTS

10. NET TANGIBLE ASSET BACKING

As at	31 July 2016	31 July 2015
NTA per ordinary security before tax on unrealised gains	\$4.02	\$3.77
NTA per ordinary security after tax on unrealised gains	\$3.70	\$3.47

The company is a long term investor and does not intend to dispose of its investment portfolio. NTA per share as at 31 July 2015 has been restated to reflect the 1 for 10 bonus issue during the year.

11. 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.

31 July 2016	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial assets - available for sales				
Investments - Australian equities	33,097	-	10,669	43,766
Investments - Global equities	-	-	4,008	4,008
Financial assets - designated at fair value through profit or loss				
Investments - private equities	-	-	2,679	2,679
Investments - properties	-	-	192,716	192,716
Other assets - designated at fair value				
Freehold - properties	-	-	4,217	4,217
Financial liabilities - designated at fair value through profit or loss				
Derivatives	-	(1,100)	-	(1,100)
Total financial assets and liabilities	33,097	(1,100)	214,289	246,286

31 July 2015	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial assets - available for sales				
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 - properties	-	-	182,787	182,787
Other assets - designated at fair value				
Freehold - properties	-	-	2,381	2,381
Total financial assets	42,037	-	197,640	239,677



NOTES TO THE FINANCIAL STATEMENTS

11. FINANCIAL INSTRUMENTS (CONTINUED)

There were no transfers between level 1 and level 2 fair value measurements during the 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.

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 observable inputs (level 3)

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

	Unlisted Equities	Global Equities	Private Equities	Investment Properties	Freehold Properties	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance 1 August 2015	8,519	1,349	2,604	182,787	2,381	197,640
Transfer to level 1	(2,000)	-	-	-	-	(2,000)
Total gains and (loss) recognised in profit or loss - unrealised	-	-	(18)	7,665	-	7,647
Total gains and (loss) recognised in profit or loss - realised	-	(108)	61	-	-	(47)
Total gains and (loss) recognised in other comprehensive income	4,126	-	-	-	989	5,115
Additions, including purchases, tenant incentives and straight-line rental income net of amortisation and depreciation	24	2,767	274	3,290	(33)	6,322
Transfer within level 3	-	-	-	(880)	880	-
Sales proceeds	-	-	(242)	(146)	-	(388)
Closing balance at 31 July 2016	10,669	4,008	2,679	192,716	4,217	214,289

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 5. At 31 July 2016, a reduction of 0.5% in the capitalisation rate applied to each property would result in an additional gain of \$13 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 a loss of \$11.3 million (31 July 2015 \$10.5 million) in the statement of profit or loss and the statement of comprehensive income.

The fair value of freehold property included in property, plant and equipment is determined by the directors based on comparable property market information.



NOTES TO THE FINANCIAL STATEMENTS

12. DIVIDENDS

	Cents per share	Total Amount \$'000	Date of payment
The following dividends were declared and paid by the entity during the year ended 31 July 2016:			
Final dividend	6.0c	2,940	23 October 2015
Interim dividend	6.0c	3,222	28 April 2016
Since the end of the period, the directors declared the following dividends:			
Final dividend	6.0c	3,222	27 October 2016

Dividends paid or resolved to be paid during the year were fully franked at a tax rate of 30% and qualify as LIC capital gains tax dividends.

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 2016 and will be recognised in subsequent financial reports.

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

13. JOINT VENTURES

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

	% of ownership held at the end of the period or date of disposal		Contribution to net profit / (loss)	
	31 July	31 July	31 July 2016	31 July 2015
	%	%	\$'000	\$'000
Joint Ventures:				
Elrington Partnership*	-	-	-	126
Regional Retail Properties	50	50	102	189
Total	50	50	102	315

*Elrington Partnership was dissolved in December 2014.

14. ISSUED AND QUOTED SECURITIES

As at	31 July 2016	31 July 2015
	Number	Number
Ordinary securities:		
Opening balance	48,976,317	48,996,567
Bonus issue	4,897,284	-
Share buy-back	(181,402)	(20,250)
Closing balance	53,692,199	48,976,317



NOTES TO THE FINANCIAL STATEMENTS

15. COMMENTS BY DIRECTORS

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

Refer to '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 (\$10.1 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 Monday 21 November 2016 at Suite 21, Jones Bay Wharf, 26–32 Pirrama Road, Pyrmont NSW 2009.

16. COMMITMENTS FOR EXPENDITURE

Capital commitments

The company has uncalled capital commitments of up to \$4,950,000 (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.

17. SUBSEQUENT EVENTS

No 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 12.