APPENDIX 4D | For the half year ended 31 January 2017

GOWING BROS

Investing together for a secure future

Gowing Bros. Limited

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RESULTS FOR ANNOUNCEMENT TO THE MARKET

FINANCIAL HIGHLIGHTS

- Total shareholder return before tax on unrealised gains was 7.2% for the six month period ended 31 January 2017.
- Net assets per share before tax on unrealised gains increased to $4.25 from $4.02 during the six months to 31 January 2017.
- The increase in net assets per share was driven by a further appreciation in the Pacific Coast Shopping Centre portfolio and Boundary Bend Limited. The increase in value of the shopping centre portfolio was driven by the successful leasing campaign at Moonee Beach and a further compression in the capitalisation rate applied in Port Central SC valuation.
- The equity portfolio also performed strongly with an underlying return of 9.2% compared to the ASX200 Accumulation Index of 3.2% with Boundary Bend Limited being the highlight.
- Profit after tax for the half year was $11.9 million compared to the prior corresponding period of $18.6 million which included the capital profit of $18.3 million on the sale of our long term investment in Blackmores Limited.
- An interim fully franked LIC capital gains tax dividend of 6 cents per share has been declared.
- During December 2016, Gowings purchased Surf Hardware International for $16 million ($6 million deferred settlement) and Sawtell Heights Estate residential sub-division in Lyons Road Coffs harbour for $9 million.
- The Port Central loan facility was refinanced from $26 million to $34 million and the term extended from 3 to 7 years on a more competitive interest rate.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

The reporting period is the half year ended 31 January 2017 with the previous corresponding period being the half year ended 31 January 2016 unless otherwise stated. The results have been reviewed by the Company's auditors.

DIVIDENDS

Interim fully franked LIC capital gains tax dividend per share	No change	6.0 cents
The record date for the interim dividend		11 April 2017
The payment date of the interim dividend		27 April 2017

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

REVENUE

Total Revenue from Ordinary Activities	Up	40%	$15.2 million
Other Income	Down	40%	$14.2 million

EARNINGS

Profit after tax	Down	36%	$11.9 million
Earnings per share	Down	36%	22.2c

NET TANGIBLE ASSETS PER SHARE

Before provision for tax on unrealised gains	Up	5.7%	$4.25
After provision for tax on unrealised gains	Up	4.6%	$3.87

The Company meets the definition of a Listed Investment Company ("LIC") for taxation purposes. Certain shareholders of the Company, including individuals, trusts, partnerships and complying superannuation entities may benefit from the Company's LIC status by being able to claim a tax deduction for the part of the dividend that is attributable to LIC capital gains made by the Company. The amount that shareholders can claim as a tax deduction depends on their individual situation.

As an example, an individual, trust (except a trust that is a complying superannuation entity) or partnership who is an Australian resident taxpayer at the date a dividend is paid would be entitled to a tax deduction equal to 50% of the amount attributable to LIC capital gains included in the dividend. In the case of a complying superannuation entity, who is an Australian resident taxpayer at the date a dividend is paid, this deduction would be 33.33% of the amount attributable to LIC capital gains included in the dividend.

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

RESULTS FOR ANNOUNCEMENT TO THE MARKET

PROFIT AND LOSS STATEMENT

For the half year ended	31 Jan 2017 $'000	31 Jan 2016 $'000	Movement
Net Income from Ordinary Activities			
Interest income	351	91	286%
Investment properties	4,491	4,460	1%
Equities	716	964	-26%
Managed private equities	108	39	177%
Surf Hardware International (1 month)	(70)	-	n/a
Total Net Income from Ordinary Activities	5,596	5,554	1%
Expenses			
Administration, public company and other	1,880	2,005	-6%
Net Income from Ordinary Activities	**3,716**	**3,549**	**5%**
Income tax expense – ordinary activities	(956)	(1,123)	
Profit after Tax from Ordinary Activities	**2,760**	**2,426**	**14%**
Unrealised Gains – Investment Properties	10,400	4,615	125%
Realised Gains - Equity	3,547	18,545	-81%
Other Income	223	481	-54%
Other non-recurring expenditure	(472)	-	n/a
Unrealised impairment on listed equities	(518)	(431)	-20%
Profit Before Tax	15,940	25,636	-49%
Income tax expense – other activities	(3,996)	(6,995)	
Profit After Tax	**11,944**	**18,641**	**-36%**
Other Comprehensive Income			
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign operations	(97)	-	n/a
Transfer from unrealised reserves to realised gains after tax	(1,995)	(6,778)	n/a
Increase / (decrease) in fair value of investments net of tax	2,381	(765)	n/a
Total Comprehensive Income	**12,233**	**11,098**	**10%**

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 Income from Ordinary Activities of $5.6 million was 1% higher than in the prior corresponding period due to increased interest income and distributions from managed private equities.

Total Administration Expenses of $1.9 million was 6% lower than the prior corresponding period largely due to a lower bad debts expense in the current half year.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

COMMENTARY (CONTINUED)

Net Income from Ordinary Activities of $3.7 million before tax was 5% higher than the prior corresponding period last year primarily due to maintaining revenues, the overall management of operating expenses and lower borrowing costs.

Unrealised Gains – Investment Properties of $10.4 million was 125% higher than the prior corresponding period due largely due to a compression in the capitalisation rates used to value the Pacific Coast Shopping Centre Portfolio.

Realised Gains - Equities of $3.5 million was 81% lower than the prior corresponding period. The major reason for the decrease was because the prior period included the successful sale of our long term shareholding in Blackmores Limited which alone was a capital profit of $18.3 million.

Other Income of $0.2 million, was lower than $0.5 million in the prior corresponding period due to foreign currency exchange losses in the current period compared to gains in the prior period.

Other non-recurring expenditure of $0.5 million relates to one-off expenses incurred with the acquisition of the Surf Hardware International subsidiary.

Profit After Tax was $11.9 million, down 36% on the prior corresponding period for reasons discussed in realised gains on equities above.

Total Comprehensive Income of $12.2 million was 10% higher than the prior corresponding period.

SHAREHOLDER RETURNS

For the half year ended	Before tax on unrealised capital gains
Opening net assets per share as at 31 July 2016*	$4.02
Closing net assets per share as at 31 January 2017	**$4.25**
Increase in net assets per share	23c
Plus ordinary dividend paid	6c
Total Return for the six month period (c)	**29c**
Total Return for the six month period (%)	**7.2%**

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KEY METRICS

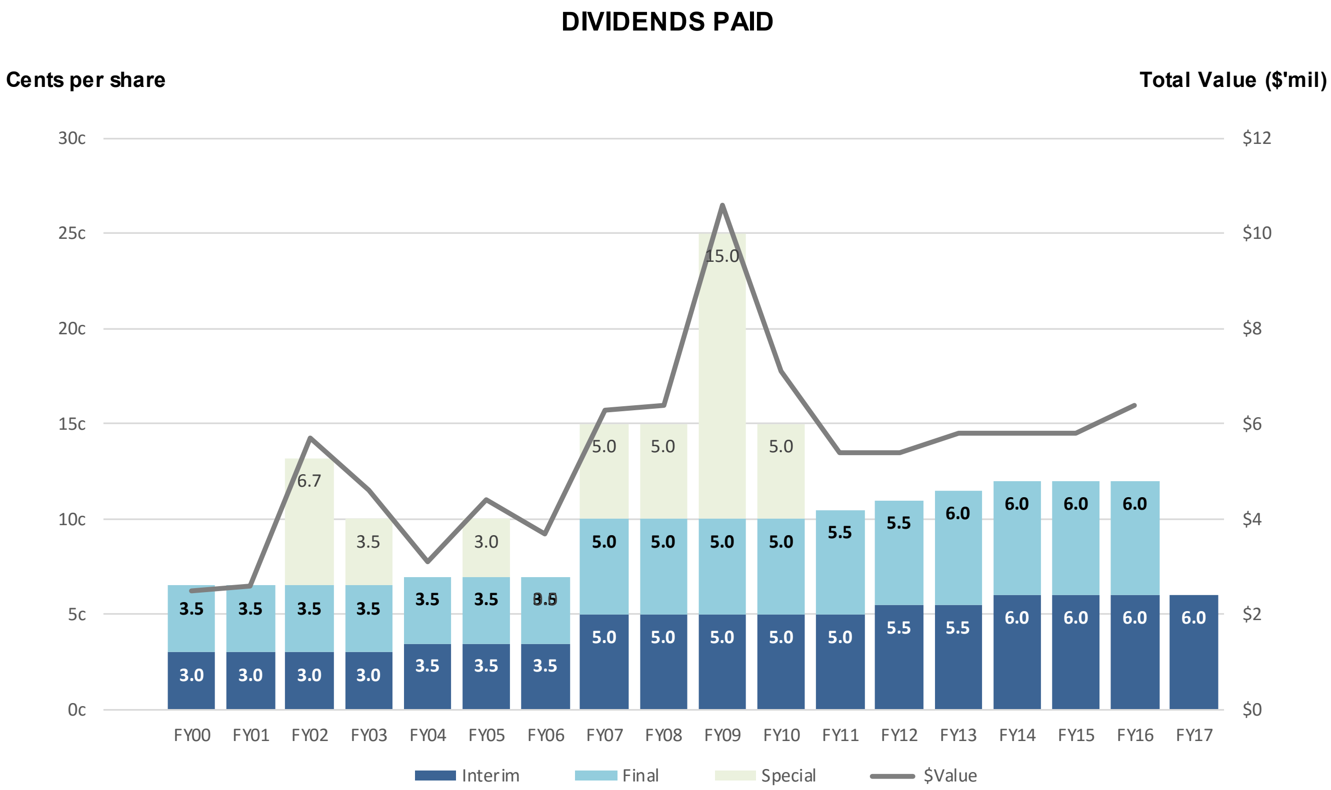
	31 Jan. 2017 (6 months)	31 July 2016 (12 months)	31 July 2015 (12 months)	31 July 2014 (12 months)	31 July 2013 (12 months)
Net Assets*	**$228.0m**	**$215.9m**	**$203.3m**	$180.0m	$161.4m
Net Assets per Share**	**$4.25**	**$4.02**	**$3.77**	$3.34	$2.99
Total Comprehensive Income	**$12.2m**	**$18.5m**	**$22.5m**	$18.9m	$12.4m
Earnings per Share**	**22.2c**	**40.9c**	**35.5c**	26.1c	13.5c
Dividends per Share**	**6.0c**	**12.0c**	**12.0c**	12.0c	11.5c
Total Shareholder Return	**7.2%**	**9.8%**	**16.30%**	15.20%	9.50%

* Net Assets before tax on unrealised gains on equities and investment properties.

** 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 FY16. Dividends per share have not been adjusted. Also the Net Asset per share listed above is before tax on unrealised gains on equities and investment properties.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

COMMENTARY (CONTINUED)



RESULTS FOR ANNOUNCEMENT TO THE MARKET

GOWINGS AT A GLANCE

	31 Jan 2017 $'000	31 Jul 2016 $'000
Strategic Equity Investments		
Surf Hardware International	16,000	-
Boundary Bend Limited	13,961	10,071
Carlton Investments	5,571	5,528
Hydration Pharmaceuticals	2,643	2,659
Murray Darling Food Company	2,045	-
TPI Enterprises Limited	1,920	1,933
Event Hospitality Group	1,623	1,180
DiCE Molecules	1,299	1,349
Hexima	230	574
EFTsure	250	-
Other listed investments	9,519	24,480
Total	**55,061**	**47,774**
Private Equity Funds		
Macquarie Wholesale Co Investment Fund	1,237	1,152
OurCrowd Australia	1,177	777
Our Innovation Fund	375	-
Five V Capital	-	-
Other Private Equity Funds	250	750
Total	**3,039**	**2,679**
Pacific Coast Shopping Centre Portfolio		
Sub-regional shopping centres	155,452	147,747
Neighbourhood shopping centres	40,950	34,238
Borrowings	(47,000)	(47,000)
Total	**149,402**	**134,985**
Other Direct Properties		
Sawtell Heights Estate - residential subdivision	9,000	-
Solitary 30 - Coffs Harbour development land	3,189	-
Other Properties	16,832	16,947
Borrowings	(1,725)	(1,775)
Total	**27,296**	**15,172**
Commercial Lending		
Greenleaves Childcare Investment Facility	3,000	2,003
Working Capital		
Cash	420	20,997
Other Assets & Liabilities (Includes $6m deferred settlement SHI)	(10,190)	(7,711)
Total	**(6,770)**	**15,289**
Net assets before tax on unrealised gains on equities and investment properties	**228,028**	**215,899**
Provision for tax on unrealised gains on equities and investment properties	(20,478)	(17,319)
Net assets after tax on unrealised gains on equities and investment properties	**207,550**	**198,580**

RESULTS FOR ANNOUNCEMENT TO THE MARKET

STRATEGIC EQUITY INVESTMENTS

Last year's first half was always going to be a difficult half to follow, due to the significant capital profit made on the realisation of our long term investment in Blackmores Limited. This half saw the Company sell a number of poorly performing listed investments and generally lighten our exposure to listed equity markets to raise capital reserves for anticipated new investments in equities and property opportunities. It was an interesting market period, with the market behaving counterintuitively to the unexpected election of the Trump Administration in the US. Surf Hardware International, Boundary Bend Limited and Carlton Investments Limited are now our largest investments, quite a change from a few years ago.

Surf Hardware International ($16 million)

During the half, the Company made a new investment in Surf Hardware International (SHI), a manufacturer and global supplier of surf-related hardware products under four highly recognised brands including FCS, Gorilla, Softech and Hydro.

SHI was acquired for a total net consideration of $16 million with $10 million paid from existing cash reserves and a deferred consideration amount of $6 million payable on 30 June 2017. SHI is a profitable business and will be earnings accretive for Gowings.

The FCS brand began in the early 1990's with the invention of the detachable surfboard fin system, an innovation which would revolutionise the way surfboards were manufactured and ridden forever. FCS is a global leader in water board sports accessories and commands a market leadership position in fin systems and fins.

Other brands within the SHI portfolio include Gorilla, which was established in 1988 following the introduction of the revolutionary 'Rocket Block' providing surfers with an alternative to wax and paving the way for surfboard grip, and the Softech Softboard and Hydro Bodyboard brands which were acquired by SHI in 2010.

SHI has a global distribution network with a direct presence in each of the key markets of the USA, Australia, Europe and Japan along with a network of distributors covering some 40 countries worldwide.

SHI has experienced considerable growth over the past three years following the launch of the new FCS II fin system, a patent pending innovation which delivers the company a significant competitive advantage in its core product categories of fin systems and fins. Looking ahead, SHI has a number of key innovation projects within its brand portfolio in order to further develop the business.

Boundary Bend Limited ($14 million)

Boundary Bend Limited, an unlisted public company is Australia's largest vertically integrated olive-oil producer, wholesaler and consumer marketer. Boundary Bend owns the well-known brands Cobram Estate and Red Island. It is now the Company's 2nd largest equity investment, having more than doubled in value during the year.

For the 2016 financial year Boundary Bend reported an operating cashflow surplus of $12.4 million (up from a surplus of $6.0 million in FY15). The company also commenced two major growth initiatives: launch of the Cobram Estate brand in the USA, including construction of a substantial processing facility in America's olive heartland, California; and the launch of a new olive-products business, including supplements and other products derived from olives and olive leaves.

In Australia, Aldi supermarkets announced in January this year that it will commence stocking all three Cobram Estate styles (Light, Classic, and Robust) in 500ml bottles. Significantly, Aldi's policy is to stock almost exclusively "home brand" products in its stores, with third-party brands carried only when the company believes customers will defect to other supermarkets if Aldi doesn't include them. The list of brands in Australia that meet this criterion is a Who's Who of household names including Arnotts, Milo and Vegemite.

Carlton Investments ($5.6 million) and Event Hospitality Group ($1.6 million)

Carlton Investments and Event Hospitality are essentially related investments. Gowings has been a very long term investor in Carlton Investments whom prior to the sale of the Gowings Building on the corner of Market and George Streets through their significant holding in Amalgamated Holdings Ltd, (now Event Hospitality Group Ltd) were our next door neighbours. Gowings had in fact sold the State Theatre site to the forerunner of Amalgamated in the late 1920s. These companies are very well run, with significant strategic property holdings in Sydney CBD, as well as significant exposure to the Australian, New Zealand and German tourism and Cinema markets.

Hydration Pharmaceuticals ($2.6 million)

The Hydration Pharmaceuticals Trust owns the global rights to the Hydralyte brand, Australia's leading oral rehydration product. The company's current focus is establishing its brand in North America. It has formed a major distribution partnership in the US with The Emerson Group, now 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. The brand has also launched in Canada, and in 2016 achieved year-on-year growth of more than 35%.

Murray Darling Food Company ($2 million)

Over the past 12 months, we formed a partnership with agricultural operators to undertake an investment feasibility into establishing a vertically integrated organic lamb business.

As long term shareholders would know, Gowings has a view that agriculture will be a long term beneficiary of our world's growing population and rising living standards. Having said that, agriculture is a difficult and volatile investment class often met with loss. Gowings was an early investor in both Tassal and Boundary Bend which generated significant returns over the years and we see many potential similarities to the present opportunity.

Following a favourable feasibility, we jointly formed Murray Darling Food Company (MDFC) with like-minded investors who are presently strategic operators in the industry.

We believe that organic and grass fed lamb market has the potential to provide for superior returns with a lower degree of risk compared to many other agricultural assets. Over the long term, the risk will be further mitigated and returns enhanced through establishing a vertically integrated business including branded meat sales. The central investment thesis to this is a relatively new breed of sheep which is more productive and resilient compared to traditional Merino wool and sheep meat. In this respect we have partnered with one of Australia's leading Dorper studs to establish MDFC. MDFC raised $12 million dollars during the period including an initial $2 million cornerstone investment from Gowings. MDFC acquired its first asset being Burrawang West Station a Dorper lamb stud based in Condobolin, western NSW. In January it commenced operations with sale of 100 Rams with an average price of $2,900 per ram. Currently there are 750 stud and 2000 commercial ewes lambing, and planting of oats on 2500 acres which will eventually be harvested for sheep feed. There has also been investment into DNA and IT equipment to efficiently manage the stud operations and optimise the breeding process. At the date of this report MDFC purchased another 6,000 acres mixed grazing and cropping property in Condobolin which will complement the current operations at Burrawang West Station.

DiCE Molecules ($1.3 million)

DiCE Molecules is a US biotech company with unique technology to identify cures for currently incurable diseases. In 2016, the company announced a successful agreement with Sanofi, the largest French Pharmaceutical company, to utilise DiCE's technology. The Sanofi agreement not only validated DiCE's frontier technology, but provided substantial financial support to meet its working capital and operational requirements for the next five years.

In 2017, the company is likely to announce another substantial partnership with a global pharmaceutical company, and will continue to pursue its own candidate drug molecules.

TPI Enterprises Limited ($1.9 million)

TPI Enterprises (TPI), 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 its listing last year. While still in start-up phase TPI managed to increase its sales in FY16 by over 183% to $10.6m. Recently TPI announced two key licence and permit milestones which are central to TPI's expansion into the UK, Europe and other open markets. Subsequent to year end TPI announced a placement and entitlement offer to raise approximately $44.2 million in capital in which Gowings has committed $0.6 million.

Hexima ($0.2 million)

Hexima is an Australian biotechnology company focused on the research, development and commercialisation of technology of plant-derived proteins and peptides for applications as human therapeutics and for the genetic modification of crops. The company's first significant commercial product-development project is a breakthrough treatment for onychomycosis (fungal nail infections), a US$3.2 billion global market. Preclinical data indicate that the company's lead molecule, HXP124, enjoys multiple potential advantages over current onychomycosis therapies, in particular the ability to penetrate nails rapidly when applied topically along with the ability to kill cells faster and at lower concentrations than current drugs.

The company is proceeding to clinical trials for this product in 2017. It is in advanced discussions with possible global partners to bring the potential drug to market. Hexima will fund these trials by raising approximately $3.9 million (exclusive of costs of the offer) from a fully underwritten non-renounceable pro-rata rights issue to subscribe for 6 new shares for every 10 shares held.

EFTsure ($0.3 million)

EFTsure is an Australian owned IT company incorporated to deliver electronic payment authentication services to its customers. EFTsure provides an innovative, cost-effective and specialised service and software solution to businesses validating the integrity of their payment data and ensuring prior to making an EFT payment that the name of the Payee matches the BSB and Account number. Gowings holds a small holding in the company and Our Innovation Fund made a subsequent commitment at the same valuation metrics as Gowings. We firmly believe in the EFTsure product and are currently in the process of implementing this technology for our own use and security.

PRIVATE EQUITY FUNDS

Macquarie Wholesale Co Investment Fund ($1.2 million)

Macquarie Wholesale Co Investment Fund was established as a specialist investment vehicle formed for the purpose of making co-investments in Australian and New Zealand unlisted companies and assets across a range of industries, and making secondary investments, primarily in Australia where available. The fund closed its capital raising in 2005 at its maximum size of $80 million. The funds current major investments are in Hirepool New Zealand's largest equipment rental provider and SMABBQ a merger of Super A-Mart (SAM), a leading furniture and bedding retailer with BBQ's Galore (BBQ), a barbeques and outdoor furniture retailer. Currently Gowings has a $1.2m investment in the fund.

OurCrowd Australia ($1.2 million)

OurCrowd is the leading global equity crowdfunding platform for accredited investors. Managed by a team of seasoned investment professionals, OurCrowd vets and selects opportunities, invests its own capital, and brings companies to its accredited membership of global investors. OurCrowd provides post-investment support to its portfolio companies, assigns industry experts as mentors, and takes board seats. The OurCrowd community of almost 17,000 investors from over 110 countries has invested over $400M into 110 portfolio companies and funds. Gowings has made a $US0.9 million investment into OurCrowd of which $US0.6 million has been deployed across 20 projects of our choice and the remaining $US0.3 million remains available to deploy.

Our Innovation Fund ($0.4 million)

Our Innovation Fund is a newly established incorporated limited partnership which will invest in early stage businesses with innovative, high growth or disruptive technologies, processes, systems or intellectual properties which have significant market potential. The Fund will seek to make investments throughout various stages of company development (from seed through to early expansion), with particular attention given to the experience and mindset of the founders of potential investee companies, potential for the long term success of business models and the potential investment returns for Limited Partners in the Fund. During the 2016 financial year period Gowings made a $1.5 million commitment to Our Innovation Fund. The fund has so far made 3 investments including a $1 million commitment of the fund total of $50 million in EFTsure as discussed above. Gowings draw down for these investments was $0.4 million. Being in such early stages it is too soon to comment on performance. This fund is structured to take advantage of the Innovation Package tax breaks. The fund is being run by the team behind OurCrowd Australia, with whom we are comfortable and have a strong relationship.

Five V Capital

Five V Capital Fund 2 has been set up and managed by Adrian McKenzie, an experienced Australian venture capital manager with whom Gowings have enjoyed a long business relationship. Gowings have committed $1 million to this fund which also gives us co-investment rights in fund investments should there be additional capacity. The Fund 2 investors receive a complimentary carry of 20% of the performance fee due to the manager from fund 1, ensuring an alignment of interests. The Principals of Five V Capital have committed $10 million of their own capital to Fund 2, also driving an alignment of the commercial interests between the managers and investors.

No investments were made prior to the end of the half year, however subsequently the fund has made its first investment in Unified Health Group (UHG), an IT company that provides Australia's leading B2B healthcare platform helping large corporates such as insurers, law firms and corporates search, book, pay and securely manage health information and services from healthcare providers. Gowings share of this investment is $0.2 million and additionally made a further co investment of $0.1 million.

PACIFIC COAST SHOPPING CENTRE PORTFOLIO

The Pacific Coast Shopping Centre portfolio reported a $10 million uplift in valuation to $196 million during the period, generated by Port Central and Moonee Marketplace. Market valuations for sub-regional and neighbourhood centres continue to remain very buoyant driven by both a shortage of quality centres and an increased demand from local and offshore investors.

Over the past 2 years the Company has undertaken a variety of strategic initiatives to improve the long term quality of these assets and to create value through unlocking various opportunities including developments, public-to-private partnerships, government grants and town centre master planning.

During the period, a large number of these initiatives came to fruition with further opportunities continuing to be progressed as described below.

Gowings is a long term patient investor and applies this philosophy along with its background in investment management, property and retail to the centres. Interestingly, we are seeing many of the other shopping centre owners starting to undertake initiatives in leasing, marketing and development that we have been applying an entrepreneurial manner over the past 5 years. We genuinely see our tenants as our retail partners and do everything possible to ensure their success, which in turn will generate returns for our shareholders over the longer term.

Moonee Marketplace

Moonee is continuing its successful leasing incubation program having secured new bulky goods and specialty tenancies during the period. Of highlight, a national childcare operator opened a 92-place modern facility which is not only the highest standard in Coffs Harbour, but in our opinion, quite possibly sets a new benchmark in Australia. We also opened a best practice swim school which is the largest operator in Coffs Harbour. Both of these offers were the outcome of operators partnering with Gowings to undertake concept definition, detailed design and construction. Most pleasingly, both operators have made a strong start with initial enrolments above expectations. Strategically these two new additions will draw on the wider Coffs Harbour catchment to the benefit of the centre's fellow retailers.

We have now leased approximately half of the long term vacancies over the past 12 months. We are also undertaking a capital upgrade program to reposition the centre as a destination and complement its new leasing mix. The leasing results to date have seen an increase in income above budget which in turn increased the valuation of the centre by $5 million during the period. The centre is now valued in line with market averages for neighbourhood centres. The timing of our campaign will also benefit from the strong demographic growth in the immediate area with all surrounding subdivisions being nearly sold out.

With the initial success of our leasing campaign and Coles returning to turnover rent, we believe there is further upside in this asset, which should trade at a premium to market if we are successful in the execution of the remaining leasing campaign.

Port Central

Our largest shopping centre asset Port Central appreciated during the period in line with continued strengthening in demand for quality sub-regional shopping centres.

During the period we negotiated a new 7 year $34 million finance facility with $20 million of the facility hedged at 3.22% per annum.

The Company has exercised an option over an adjoining parcel of land for the purpose of undertaking a development feasibility to expand the centre.

Port Central also enjoyed increased foot traffic and specialty sales during the period with no change in vacancies.

Coffs Central

Coffs Central has received three development approvals during the period including the Level 1 mall reconfiguration and upgrade of the DDS, the expansion of the centre east including some 4,000m2 of new retail and office space and a basement carpark. These works are collectively referred to as Stage 2 and the total project cost is approximately $32 million to be funded from a mix of existing cash reserves and borrowings. We are also pleased to announce that we have successfully secured a new major anchor tenant in Kmart whom we consider to be one of Australia's best retailers. Kmart will greatly improve the retail mix and depth of offer in the centre and assist the leasing campaign of some twenty new specialty shops.

During the half, we completed the $3 million intersection and drainage works which will strategically allow Coffs Central to trade directly to the street and facilitate a new entrance to Gordon Street. The intersection works were undertaken and funded through a Voluntary Planning Agreement partnering with Coffs Harbour City Council. The Basement carpark works are drawing to completion under an early works package for Stage 2. It is expected that Stage 2 development will be completed over the coming 18 months subject to our leasing success.

As a long term investor, we prepared a masterplan for Coffs Central including further stages of future development. One such potential opportunity is to erect a hotel tower over the new expansion for which we have submitted a development application and are optimistic for its approval by the Joint Regional Planning Panel given initial positive feedback received from the community generally. As part of the basement carpark works, we have made additional allowance for foundations that would allow such future development.

We are also an active member of the City's Masterplan Committee and are assisting to implement a major upgrade of the Town Square to activate and stimulate a vibrant city centre. These works are scheduled to be completed late this year.

The centre continues to trade well in terms of increased specialty sales and vacancies have slightly reduced during the period.

Kempsey Central

Gowings has formed a tri-party agreement with Kempsey Shire Council and a local cinema operator to construct a new cinema on top of the shopping centre. In addition to the $2 million committed by Kempsey Shire Council, the partnership was successful in obtaining Commonwealth Government Grant in excess of $2 million for the cinema, under the regional economic development scheme. During the period, the Company received approval of its development application and is now negotiating commercial agreements. Subject to final negotiations and board approval, the cinema development could commence in the second half of this year.

The centre's total sales continue to grow on the back of a resurgent Coles supermarket with no change to the centre's occupancy levels.

OTHER DIRECT PROPERTIES

Sawtell Heights Estate – Residential Subdivision

The Company acquired a 165 lot residential subdivision for $9 million called Sawtell Heights Estate located approximately 10 minutes south of Coffs Harbour. The site is DA approved and we are currently working on detailed design, staging, and tenders and will be commencing works during the second half of the year, with the aim to bring the first release to market in late 2017. The purchase was funded by existing cash reserves and the Company will look to use a mix of cash and debt to fund the development over an expected 3 to 4 year period.

Solitary 30- Development Site

The Company purchased a 3,000m2 development site for $3 million at the prominent Jetty Village in Coffs Harbour. The site boasts 270 degree water views and is surrounded by cafes and restaurants and is considered to be one of the best development sites in Coffs Harbour.

The site has some potential heritage issues that are to be addressed as part of the upcoming development planning phase. The best development use is still being evaluated with current zoning permitting any combination of residential apartments, hotel and mixed retail.

OUTLOOK

Global asset prices remain buoyant and indeed at near all time highs in this ongoing low interest rate environment. We remain cautiously optimistic with reference to the low levels of unemployment, stable economic growth and healthy corporate balance sheets. Following the election of the Trump administration, the world's largest economy is showing strong signs of growth across many leading indicators.

Our key areas of concern include rising interest rates and political risk. The US has commenced an interest rate tightening cycle, which typically puts downward pressure on asset prices. Given the slow rate at which rates have been rising in the US it would appear that rates will rise at a measured pace and there aren't any signs of over heating or asset price bubbles. With regards to political risk, this is apparent in almost every country for a variety of domestic and global reasons. Of note, we are witnessing a new era of populist governments, Brexit, currency wars, trade tariffs and military brinkmanship.

Possibly as a sign of the times, we are seeing increasing opportunities across all asset classes. We are conscious of our high weighting to shopping centres and of the capital requirements needed to take advantage of present development opportunities. We have provided more detail about our strategic investments in an attempt to shed some light on our current investment philosophy and outlook for these investments.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

DIRECTORS' REPORT

DIRECTORS

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

Mr J. West	(Non-executive Chairman)
Mr J. E. Gowing	(Managing Director)
Mr J. G. Parker	(Non-executive Director)
Mr. S. J. Clancy	(Non-executive Director)
Mr. R.D. Fraser	(Non-executive Director – Resigned 20 December 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 interim financial report. Amounts in the Directors' report and interim financial report have been rounded to the nearest thousand dollars in accordance with that Legislative Instrument, unless otherwise indicated.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration given to the Directors by the lead auditor for the review undertaken by HLB Mann Judd is included in page 37.

Dated this 29th day of March 2017 in accordance with a resolution of the directors.

J. E. Gowing

Managing Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE HALF YEAR ENDED 31 JANUARY 2017

	Notes	31 Jan 2017	31 Jan 2016
		$'000	$'000
Revenue			
Interest income		351	91
Equities		716	964
Private equities		108	39
Investment properties		9,751	9,788
Revenue from the sale of goods (Surf Hardware International)		4,266	-
Total Revenue		15,192	10,882
Other Income			
Gains (losses) on disposal or revaluation of:			
- Equities		3,547	18,545
- Private equities		85	283
- Investment properties		10,400	4,615
- Development properties		-	17
- Derivatives		223	-
- Other		(85)	181
Total Revenue and other Income		29,362	34,523
Expenses			
Investment properties		3,846	3,762
Finished goods, raw materials and other operating costs (Surf Hardware International)		4,282	-
Administration		578	793
Borrowing costs		1,417	1,566
Depreciation		121	64
Employee benefits		930	905
Public company		302	243
Business acquisition costs		472	-
Total Expenses		11,948	7,333
Profit from continuing operations before income tax expense		**17,414**	**27,190**
Unrealised impairment – equities		(518)	(431)
Profit before tax from continuing operations		**16,896**	**26,759**
Income tax expense	3	(4,952)	(8,118)
Profit from continuing operations		**11,944**	**18,641**

The consolidated statement of profit or loss should be read in conjunction with the notes as set out on pages 20 to 35.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 JANUARY 2017

	Notes	31 Jan 2017	31 Jan 2016
		$'000	$'000
Profit from continuing operations		**11,944**	**18,641**
Other Comprehensive Income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(97)	-
Transfer from unrealised reserves to realised gains after tax		(1,995)	(6,778)
(Decrease) / Increase in fair value of investments net of tax		2,381	(765)
Total Comprehensive Income		**12,233**	**11,098**
Basic earnings per share	8	**22.2c**	**34.7c**

The consolidated statement of comprehensive income should be read in conjunction with the notes as set out on pages 20 to 35.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 JANUARY 2017

	Notes	31 Jan 2017	31 Jul 2016
		$'000	$'000
Current Assets			
Cash and cash equivalents		2,049	20,997
Development properties		381	535
Loans receivable		3,000	2,394
Trade and other receivables		6,426	1,908
Inventories		10,798	-
Other		486	618
Total Current Assets		23,140	26,452
Non-Current Assets			
Receivables		65	99
Equities		39,061	47,774
Private equities		3,039	2,679
Development properties		13,657	1,463
Investment properties	4	207,455	192,716
Property plant & equipment		5,845	4,890
Deferred tax assets		4,379	4,191
Intangibles		2,467	-
Other		1,934	1,827
Total Non-Current Assets		277,902	255,639
Total Assets		301,042	282,091
Current Liabilities			
Trade and other payables		11,094	3,332
Borrowings	5	1,740	27,775
Derivatives		877	1,100
Current tax liabilities		1,549	3,943
Provisions		938	263
Total Current Liabilities		16,198	36,413
Non-Current Liabilities			
Borrowings	5	47,000	21,000
Provisions		671	237
Deferred tax liabilities		29,623	25,861
Total Non-Current Liabilities		77,294	47,098
Total Liabilities		93,492	83,511
Net Assets		207,550	198,580
Equity			
Contributed equity		12,611	12,652
Reserves	6	104,879	104,590
Retained profits	7	90,060	81,338
Total Equity		207,550	198,580

The consolidated statement of financial position should be read in conjunction with the notes as set out on pages 20 to 35.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 JANUARY 2017

	Contributed Equity	Capital Profits Reserve- Pre CGT Profits	Foreign Currency Translation Reserve	Revaluation Reserve	Retained Profits	Total
	$'000	$'000	$'000	$'000	$'000	$'000
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
Balance at 1 August 2016	12,652	90,503	-	14,087	81,338	198,580
Total comprehensive income for the half year	-	-	(97)	386	11,944	12,233
Share buy-back	(41)	-	-	-	-	(41)
Transactions with owners in their capacity as owners:						
- Dividends paid	-	-	-	-	(3,222)	(3,222)
Balance at 31 January 2017	12,611	90,503	(97)	14,473	90,060	207,550

The consolidated statement of changes in equity should be read in conjunction with the notes as set out on pages 20 to 35.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 JANUARY 2017

	31 Jan 2017	31 Jan 2016
	$'000	$'000
Cash Flows from Operating Activities		
Receipts in the course of operations (inclusive of GST)	15,980	11,344
Payments to suppliers and employees (inclusive of GST)	(12,015)	(5,425)
Dividends received	716	783
Interest received	227	91
Borrowing costs	(1,417)	(1,566)
Income taxes paid	(5,151)	(985)
Net Cash inflow (outflow) from Operating Activities	(1,660)	4,242
Cash Flows from Investing Activities		
Payments for purchases of property, plant and equipment	(71)	(56)
Payments for purchases of intangibles	(18)	-
Payments for purchases of equity investments	(4,002)	(9,832)
Payments for purchases of investment properties	(4,715)	(1,037)
Payments for purchases of development property	(12,194)	(3)
Payment for subsidiary, net of cash acquired	(8,293)	-
Loans made	(997)	-
Proceeds from sale of equity investments	15,926	25,723
Proceeds from loans on development property	391	788
Proceeds from sale of development property	-	896
Net Cash inflow (outflow) from Investing Activities	(13,973)	16,479
Cash Flows from Financing Activities		
Payments for share buy-backs	(41)	(564)
Repayment of borrowings	(52)	(4,105)
Dividends paid	(3,222)	(2,940)
Net Cash outflow from Financing Activities	(3,315)	(7,609)
Net increase (decrease) in Cash Held	**(18,948)**	**13,112**
Cash at the beginning of the period	20,997	12,839
Cash at the end of the period	**2,049**	**25,951**

The consolidated statement of cash flows should be read in conjunction with the notes as set out on pages 20 to 35.

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 2016 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), investment properties and certain classes of property, plant and equipment.

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 2016 except for the following new or amended accounting polices:

(a) Principles of Consolidation

The consolidated financial statements incorporate all the assets, liabilities and results of Gowing Bros. Limited (the "Company") and all the subsidiary companies (the "Group") it controlled during the half-year ended 31 January 2017. The Company controls an entity when it is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of its subsidiaries are fully consolidated into the financial statements of the Group from the date which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies of the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interest are shown separately with the equity section of the consolidated statement of financial position and consolidated statement of comprehensive income.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Business combinations

Business combinations occur where the Group acquires control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exceptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

All transaction costs incurred in relation to business combinations are recognised as expenses in profit and loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

(c) Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is carried as the excess of the sum of:

(i) the consideration transferred;
(ii) any non-controlling interest (determined under either the full goodwill or proportionate interest method); and
(iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable net assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest form the cost of the investment.

Fair value re-measurements in any pre-existing equity holdings are recognised in profit or loss in the period in which they arise. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds a less than 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value ("full goodwill method") or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets ("proportionate interest method"). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective notes to these financial statements disclosing the business combination.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Goodwill (continued)

Under the full goodwill method, the fair value of the non-controlling interests is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interest is recognised in the consolidated financial statements.

Goodwill on acquisitions of subsidiaries is included in intangible assets.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, which represents the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

(d) Segment reporting

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

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

(e) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates ("functional currency"). The financial statements are presented in Australian dollars, which is the Group's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Translation differences on private equities and development properties held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on equities are recognised in equity.

(iii) Foreign Operations

The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

- assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
- income and expenses are translated at average exchange rates for the period; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the consolidated statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Revenue recognition

Revenue is recognised for the major business activities as follows:

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

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

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

(iv) Sales of goods
Revenue from the sales of goods is recognised at the point of delivery as this corresponds to the transfer or significant risks and rewards of ownership of the goods and the cessation of all involvement with those goods.

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

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

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

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

(g) Inventories

Inventories comprise raw materials and finished goods and are stated at the lower of cost and net realisable value. Costs of raw materials and finished goods are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(h) Intangibles Other than Goodwill

(i) Patents and trademarks
Patents and trademarks have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of patents and trademarks over their useful lives which is currently 20 years.

(ii) Research and development
Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project is expected to deliver future economic benefits and these benefits can be measured reliably.

Capitalised development costs have a finite useful life and are amortised on a systematic basis based on the future economic benefits over the useful life of the project.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) New accounting standards and interpretations

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods and which the Group has decided not to early adopt. A discussion of those future requirements and their impact on the Group is as follows:

AASB 9 Financial Instruments (applicable for annual reporting periods commencing on or after 1 January 2018)

AASB 9 includes requirements for the classification and measurement of financial assets, the accounting requirements for financial liabilities, impairment testing requirements and hedge accounting requirements.

The changes made to accounting requirements by these standards include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value and an allowance for debt instruments to be carried at fair value through other comprehensive income in certain circumstances
- simplifying the requirements for embedded derivatives
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument
- financial assets will need to be reclassified where there is a change in an entity's business model as they are initially classified based on (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows
- amending the rules for financial liabilities that the entity elects to measure at fair value, requiring changes in fair value attributed to the entity's won credit risk to be presented in other comprehensive income
- introducing new general hedge accounting requirements intended to more closely align hedge accounting with risk management activities as well as the addition of new disclosure requirements
- requirements for impairment of financial assets

The Group is yet to assess its full impact however initial indications are that it may affect the Group's accounting of its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading.

AASB 15 Revenue from Contracts with Customers (applicable for annual reporting periods commencing on or after 1 January 2018)

AASB 15 establishes a single, comprehensive framework for revenue recognition, and replaces the previous revenue Standards AASB 118 Revenue and AASB 111 Construction Contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The Group is yet to assess the full impact of this standard on the Group's future financial statements.

AASB 16 Leases (applicable for annual reporting periods commencing on or after 1 January 2019)

AASB 16 removes the classification of leases between finance and operating leases, effectively treating all leases as finance leases for the lessee.

The Group is yet to assess the full impact of this standard on the Group's future financial statements.

The Group has decided against early adoption of these standards.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

2. SEGMENT INFORMATION

Business segments

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

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

	31 Jan 2017	31 Jan 2016
	$'000	$'000
Segment revenue		
Cash and fixed interest – interest	351	91
Equities – dividends and options	716	964
Private equities – distributions	108	39
Investment properties – rent	9,751	9,788
Surf Hardware International – retail	4,266	-
Total segment revenue	15,192	10,882
Segment other income		
Equities – realised gains on disposal	3,547	18,545
Private equities – unrealised fair value gain	85	283
Investment properties – unrealised fair value gain	10,400	4,615
Development properties – unrealised fair value gain	-	17
Other	138	181
Total other income	14,170	23,641
Total segment revenue and other income	**29,362**	**34,523**
Segment result		
Cash and fixed interest	351	91
Equities	3,745	19,078
Private equities	193	322
Investment properties	14,890	9,075
Development properties	-	17
Surf Hardware International business	(70)	-
Other	(2,213)	(1,824)
	16,896	26,759
Income tax expense	(4,952)	(8,118)
Net profit after tax	**11,944**	**18,641**

NOTES TO THE INTERIM FINANCIAL STATEMENTS

2. SEGMENT INFORMATION (CONTINUED)

Inter-segment revenue and other income

There were no inter-segment revenues and other income during the period.

Revenue by geographical region

Surf Hardware International retail revenue attributable to external customers is disclosed below, based on location of the external customers:

	31 Jan 2017	31 Jan 2016
	$'000	$'000
Australia	1,095	-
United States of America	1,024	-
Japan	356	-
Europe	311	-
Other countries	1,480	-
	4,266	-

	31 Jan 2017	31 Jul 2016
	$'000	$'000
Segment assets		
Cash and interest receivable	1,366	22,164
Equities	39,061	47,774
Private equities	3,039	2,679
Investment properties	207,455	192,716
Development properties	14,038	2,389
Surf Hardware International business	19,474	-
Unallocated assets	16,609	14,369
Total assets	301,042	282,091
Segment liabilities		
Investment properties	48,725	48,775
Surf Hardware International business	2,501	-
Unallocated liabilities	42,266	34,736
Total liabilities	93,492	83,511

3. INCOME TAX

	31 Jan 2017	31 Jan 2016
	$'000	$'000
Prima facie tax expense on the net profit at 30%	5,069	8,028
Tax effect of permanent differences:		
Under provision prior year	51	299
Franked dividends	(168)	(209)
Income tax expense	4,952	8,118

NOTES TO THE INTERIM FINANCIAL STATEMENTS

4. NON-CURRENT INVESTMENT PROPERTIES

	31 Jan 2017	31 Jul 2016
	$'000	$'000
Land and buildings – at fair value	207,455	192,716
At fair value		
Balance at beginning of period	192,716	182,787
Additions	4,715	4,435
Disposal (proceeds)	-	(146)
Transfers in/out	154	(880)
Amortisation on incentives	(530)	(1,145)
Net gain from fair value adjustment	10,400	7,665
Balance at end of period	207,455	192,716

	31 Jan 2017	31 Jan 2016
	$'000	$'000
Amounts recognised in profit or loss for investment purposes		
Rental revenue	9,751	9,788
Direct operating expenses from rental generating properties	(5,260)	(5,328)
Gain on revaluation	10,400	4,615
	14,891	9,075

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

	Valuation Method	Cap Rate	31 Jan 2017	31 Jul 2016
			$'000	$'000
Sub-regional Shopping Centres (Coffs Central and Port Central)	(a)	6.75% - 7.50%	155,452	147,747
Neighbourhood Shopping Centres (Kempsey Central and Moonee Marketplace)	(a)	7.00% - 8.50%	40,950	34,238
Other Properties	(b)	n/a	11,053	10,731
Total			207,455	192,716

(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 2017 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. BORROWINGS

	31 Jan 2017	31 Jul 2016
	$'000	$'000
CURRENT		
Bill payable – secured	1,725	27,775
Finance lease	15	-
	1,740	**27,775**
NON -CURRENT		
Bill Payable - secured	47,000	21,000
	47,000	**21,000**

In January 2017, the Group refinanced $26 million of the secured bill payable ("the new secured bill facility") with a new lender. The new secured bill facility has a total facility limit of $34 million. The term of the new secured bill facility is 7 years from the date of the first draw down. The former secured bill payable to the former lender was classified as a current borrowing at 31 July 2016.

The new secured bill facility is secured against Port Central Shopping Centre ("the SC") and interest is charged at the BBSY plus 1.85%. The new lender requires the SC business and the Group meet certain financial ratios: the SC business must have a minimum interest coverage of 2.5 times; the SC loan to valuation ratio not to exceed 40% (the LVR is measured against the specific asset/debt under this approval); and the Group gearing ratio must not exceed 40%.

At the end of the half-year, the new secured bill facility was approved by the new lender, and the process of transferring the secured bill payable from the old lender to the new lender was occurring. Subsequent to the end of the half-year, this process was finalised and the Group drew down a further $8 million under the new secured bill facility. As of 8 February 2017, the Group has drawn down the new secured bill facility's total facility limit of $34 million.

6. RESERVES

	31 Jan 2017	31 Jul 2016
	$'000	$'000
Capital profits reserve	90,503	90,503
Foreign currency translation reserve	(97)	-
Asset revaluation reserve	692	692
Investment revaluation reserve – equities	13,781	13,395
Total Reserves	104,879	104,590

7. RETAINED PROFITS

	31 Jan 2017	31 Jul 2016
	$'000	$'000
Retained profits at the beginning of the financial period	81,338	65,510
Net profit attributable to members of Gowing Bros. Limited	11,944	21,990
Dividends provided for or paid	(3,222)	(6,162)
Retained Profits at end of the financial period	90,060	81,338

NOTES TO THE INTERIM FINANCIAL STATEMENTS

8. EARNINGS PER SHARE (EPS)

	31 Jan 2017	31 Jan 2016
	$'000	$'000
Earnings reconciliation:		
Basic and diluted earnings (Net profit)	11,944	18,641
	Total No.	Total No.
Weighted average number of ordinary shares on issue used in the calculation of basic and diluted earnings per share.	53,685,805	53,781,080
Basic and diluted earnings per share	22.2c	34.7c
At balance date there were no options on issue.		

9. NET TANGIBLE ASSET BACKING

	31 Jan 2017	31 Jul 2016
NTA per ordinary share before allowing for tax on unrealised capital gains	$4.25	$4.02
NTA per ordinary share after allowing for tax on unrealised capital gains	$3.87	$3.70

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

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

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

10. FAIR VALUE

(a) Fair value Hierarchy

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

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

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

Level 3: unobservable inputs for the assets or liabilities.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

10. FAIR VALUE (CONTINUED)

(a) Fair value Hierarchy (continued)

The following tables present the Group's assets measured and recognised on a recurring basis at fair value at 31 January 2017 and 31 July 2016.

31 January 2017	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Financial assets available for sale				
Investments – Australian equities	18,633	-	16,486	35,119
Investments – Global equities	-	-	3,942	3,942
Financial assets designated at fair value through profit or loss				
Investments – private equities	-	-	3,039	3,039
Investments – properties	-	-	207,455	207,455
Other assets – designated at fair value				
Freehold - properties	-	-	4,195	4,195
Financial liabilities – designated at fair value through profit or loss				
Derivatives	-	(877)	-	(877)
Total financial assets	18,633	(877)	235,117	252,873

31 July 2016	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Financial assets available for sale				
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 – investment 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	33,097	(1,100)	214,289	246,286

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 Group 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.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

10. FAIR VALUE (CONTINUED)

(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 2017 fair value measurements on a recurring basis:

	Unlisted Equities	Global Equities	Private Equities	Freehold Properties	Investment Properties	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Opening balance 1 August 2016	10,669	4,008	2,679	4,217	192,716	214,289
Transfer (to)/from level 1	-	-	-	-	-	-
Total gains and (loss) recognised in profit or loss - unrealised	(402)	(66)	85	-	10,400	10,017
Total gains and (loss) recognised in profit or loss - realised	-	-	-	-	-	-
Total gains and (loss) recognised in other comprehensive income	3,448	-	-	-	-	3,448
Additions including purchases, transfers, tenant incentives, and straight-line rental income net of amortisation and depreciation	2,771	-	775	(22)	4,339	7,863
Sales proceeds	-	-	(500)	-	-	(500)
Closing balance 31 January 2017	16,486	3,942	3,039	4,195	207,455	235,117

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 2017, a reduction of 0.5% in the capitalisation rate applied to each property would result in an additional gain of $14.7 million in the consolidated statement of profit or loss and the consolidated statement of comprehensive income. Similarly, an increase of 0.5% in the capitalisation rate would result in an additional loss of $12.8 million in the consolidated statement of profit or loss and the consolidated statement of comprehensive income.

11. DIVIDENDS

	Cents per Share	Total	Date
The following dividends were paid by the company:		$'000	
Final dividend 31 July 2016	6.0c	3,222	27-Oct-16
Since the end of the period, the directors resolved to pay the following dividend:			
Interim dividend 31 January 2017	6.0c	3,222	27-Apr-17

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS

11. DIVIDENDS (CONTINUED)

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 2017 and will be recognised in subsequent financial reports.

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

12. BUSINESS COMBINATIONS

Acquisition of SHI Holdings Pty Limited

On 16 December 2016, a subsidiary of the Group, Gowings SHI Pty Ltd, acquired 100% of the issued shares in SHI Holdings Pty Limited and its controlled entities ("Surf Hardware International") for total consideration of $16,000,000. Surf Hardware International is a manufacturer and global supplier of surf related hardware products. The acquisition is aligned with the Group's continued focus of investing in selected direct private equity investments in its investment portfolio.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

(a) Purchase consideration

The acquisition-date fair value of the total purchase consideration was $16,000,000. The purchase consideration is split into two tranches as follows:

	$'000
Purchase consideration (first tranche) – cash paid on acquisition date	10,000
Purchase consideration (second tranche) – payable by June 2017	6,000
Total fair value of the total purchase consideration	16,000

Purchase consideration is payable in two tranches, the first tranche was paid on the acquisition date in cash and the second tranche is payable in cash on 30 June 2017. The second tranche of the purchase consideration has been recorded as a current trade and other payable at the end of the half-year.

(b) Fair value of identifiable assets and liabilities recognised as a result of the acquisition

Fair value of identifiable assets recognised as a result of the acquisition are as follows:

	$'000
Cash and cash equivalents	1,707
Trade and other receivables	4,655
Inventories	10,002
Other assets	324
Property, plant and equipment	1,005
Intangibles	981
Deferred tax assets	258
Total fair value of identifiable assets acquired	18,932

NOTES TO THE INTERIM FINANCIAL STATEMENTS

12. BUSINESS COMBINATIONS (CONTINUED)

(b) Fair value of identifiable assets and liabilities recognised as a result of the acquisition (continued)

Fair value of identifiable liabilities recognised as a result of the acquisition are as follows:

	$'000
Trade and other payables	1,726
Employee provisions	829
Other provisions	334
Leave liability	17
Income tax payable	1,501
Total fair value of identifiable assets acquired	4,407
Net fair value of identifiable assets acquired	**14,525**

The fair value of assets and liabilities acquired have been recorded on a provisional basis at the end of the half-year. The Group may retrospectively adjust the provisional amounts recognised and also recognise additional assets and liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the date of acquisition. The measurement period ends on either the earlier of (i) 12 months from the date of acquisition; or (ii) when the Group receives all possible information possible to determine the fair value of assets and liabilities acquired.

(c) Goodwill

The Group has measured the fair value of identifiable assets and liabilities acquired at acquisition date (refer to (b) above) with the remainder of the purchase price being attributed to goodwill. This treatment is consistent with the Group's accounting policy at Note 1(c).

Goodwill recorded in relation to the acquisition of Surf Hardware International is as follows:

	$'000
Purchase price	16,000
Less: net fair value of identifiable assets and liabilities acquired	(14,525)
Goodwill recorded on acquisition	1,475

The goodwill is attributed to Surf Hardware's strong position in the global surf related hardware market and future growth potential.

Goodwill is not deductible for tax purposes.

(d) Revenue and profit contribution

During the period from acquisition through to 31 January 2017, Surf Hardware International contributed sales revenue of $4,265,932 and a loss before tax of $69,878 to the Group's results.

(e) Acquisition costs

Acquisition costs of $471,685 have been expensed in the consolidated statement of profit or loss in relation to the acquisition of Surf Hardware International.

(f) Acquired receivables

The fair value of trade and other receivables is $4,729,720 and includes trade receivables with a fair value of $4,655,119. The gross contractual amount for trade receivables due is $4,729,720, of which $74,601 is expected to be uncollectible.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

13. INTERESTS IN OTHER ENTITIES (EXCLUDING JOINT VENTURES)

The Group's principal subsidiaries and other interests at 31 January 2017 are set out below.

Unless otherwise stated, subsidiaries and other interests listed below have share capital comprising of ordinary shares or ordinary units which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

ENTITY NAME	COUNTRY OF INCORPORATION OR REGISTRATION	OWNERSHIP INTEREST % 31 JANUARY 2017	OWNERSHIP INTEREST % 31 JULY 2016
Gowings SHI Pty Ltd	Australia	99.9	-
Pacific Coast Developments 357 Pty Ltd	Australia	100	-
Pacific Coast Developments 357 Fund	Australia	99.9	-
Pacific Coast Developments Pty 112 Ltd	Australia	100	-
Pacific Coast Developments 112 Fund	Australia	99.9	-

14. INTERESTS IN JOINT VENTURES

The Group also has an interest in the following joint venture operation:

	% OF OWNERSHIP HELD AT END OF PERIOD		CONTRIBUTION TO NET PROFIT (LOSS)	
	31-Jan-17	31-Jul-16	31-Jan-17	31-Jan-16
	%	%	$'000	$'000
Regional Retail Properties	50	50	50	73
Total	**50**	**50**	**50**	**73**

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

	TOTAL NO.
Ordinary Securities:	
Opening Balance	53,692,199
Share buy-back	(11,940)
Closing Balance	53,680,259

16. RELATED PARTY TRANSACTIONS

Mr John E Gowing, the managing director of Gowing Bros. Limited is a minority shareholder of the following entities controlled by the Group:

ENTITY NAME	OWNERSHIP INTEREST %
Gowings SHI Pty Ltd	0.1
Pacific Coast Developments 357 Fund	0.1
Pacific Coast Developments 112 Fund	0.1

The interests in these entities represent non-controlling interests. The balance of non-controlling interests at 31 January 2017 is $nil (rounded to the nearest thousand dollars).

Subsequent to the end of the half-year, the interests in these entities were no longer held by Mr John E Gowing.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

17. COMMENTS BY DIRECTORS

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

Nil.

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

The Group has sufficient franking credits ($14 million) to fully frank all dividends that have been declared.

18. COMMITMENTS FOR EXPENDITURE

Capital commitments

The Group has uncalled capital commitments of up to $2.13 million (31 July 2016 $4.95 million) over a period of up to 10 years in relation to private equity and property fund investments held at period end.

The Group has entered into construction contracts during the period for development works at the Coffs Central Shopping Centre. The Group has capital commitments of $0.50 million in relation to these development works at period end.

19. SUBSEQUENT EVENTS

The Group has announced a dividend since period end which has been included in Note 11.

The Group drew down a further $8 million of the current secured bill payable which has been included in Note 5.

The ownership of the Group's non-controlling interests changed since the end of the period. The Group's non-controlling interests are no longer a related party of the Group which has been included in Note 16.

No other matters or circumstances have arisen which have significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

DIRECTORS' DECLARATION

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

1. the financial statements and notes set out on pages 15 to 35 are in accordance with the Corporations Act 2001, including:

   (a) complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001, and;
   (b) giving a true and fair view of the Group's financial position as at 31 January 2017 and of its performance for the half year ended on that date.

2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

J. E. Gowing

Managing Director

29 March 2017

Accountants | Business and Financial Advisers

GOWING BROS. LIMITED

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Gowing Bros. Limited:

As lead auditor for the review of the consolidated financial report of Gowing Bros. Limited for the half-year ended 31 January 2017, 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.

This declaration is in respect of Gowing Bros. Limited and the entities it controlled during the half-year.

Sydney, NSW	**S Grivas**
29 March 2017	**Partner**

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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 consolidated statement of financial position as at 31 January 2017, consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated 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, for the consolidated entity comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

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 consolidated entity's financial position as 31 January 2017 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 consolidated entity, 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**

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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 consolidated entity's financial position as at 31 January 2017 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

S. Gi

HLB Mann Judd
Chartered Accountants

S Grivas
Partner

Sydney, NSW
29 March 2017