Enriching People's Lives, since 1868

APPENDIX 4D | For the half year ended 31 January 2018

GOWING BROS

Investing together for a secure future

Gowing Bros. Limited

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RESULTS FOR ANNOUNCEMENT TO THE MARKET

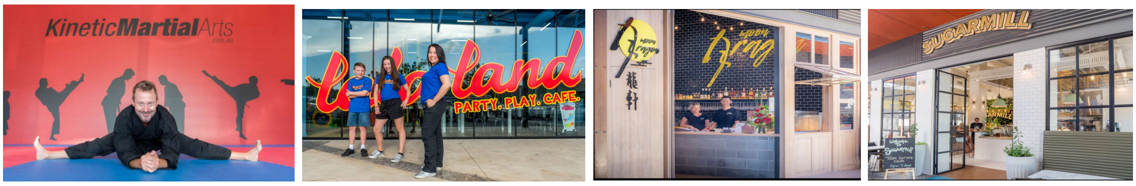
OPERATIONAL HIGHLIGHTS

- The first half has seen the foundations laid to underpin future growth in recurring earnings at Coffs Central, Moonee Marketplace and Kempsey Central.
- The significant redevelopment works at Coffs Central are more than 80% complete. On completion in early June 2018, Coffs Central will have a similar capacity to Port Central, with the addition of office commercial space of 2,000 square metres. The new Kmart, which replaces Big W as the centre's major anchor tenant, officially opened on 22 March. When fully leased over the next 18 to 24 months, the centre should generate an additional $2.5 million in speciality retail and commercial office space revenue.

Coffs Central redevelopment – corner of Harbour Drive and Gordon Streets – Jan 2018

- Advances have been made in improving the existing planning approval for our Lyons Rd residential subdivision in Sawtell Coffs Harbour. It is anticipated that revenue from sales of residential lots at Lyons Rd will start having a substantial impact on underlying earnings from next financial year.

- The concerted leasing campaign at Moonee Marketplace has been successful, with the opening of over 16 new complimentary retail offers since July 2016, which has increased income by $1.0 million per annum.



New retail offers opened at Moonee Market during the current year.

- Surf Hardware International, whose earnings generally fall in the second half due to seasonality of the global surf market, has in the last few weeks released the "freedom leash", a new innovation in surfboard leg ropes. This, along with increased investment into the product innovation pipeline, should see benefits of increased sales and profit in future periods.
- The Murray Darling Food Company recently acquired its third property, "Packwood" in the Condobolin District. Packwood is 840 acres in area and provides increased water and feed security for the group. All business segments of Murray Darling are performing soundly, although the continuing worsening drought conditions in central NSW may have short term impact in future months.
- As a result of the Company continuing to invest in key major assets, which commenced in the second half of the prior year, an operational profit before tax of $2.9 million was recorded, which was 21% lower than the corresponding period in the prior year. The result was impacted by one-off abatements provided to support sitting retailers during the building disruption at the $35 million Coffs Central redevelopment, and also lower interest and listed equity dividend returns as funds have been redirected into direct equity and investment properties which will show earnings and capital growth in future periods.
- An interim fully franked 6c dividend has been declared.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

The reporting period is the half year ended 31 January 2018 with the previous corresponding period being the half year ended 31 January 2017 unless otherwise stated. The results have been reviewed by the Company's auditors. The results of the half year should be read in conjunction with the 2017 annual report for the Group.

DIVIDENDS

Interim fully franked dividend per share	No change	6.0 cents
The record date for the interim dividend		11 April 2018
The payment date of the interim dividend		26 April 2018

REVENUE

Total Revenue from Ordinary Activities	Up	80%	$ 27.3 million

The major reason for the increase in revenue from ordinary activities is due to Surf Hardware International's revenues being included for the entire period whereas in the comparison period they were only included for part of the period, as the entity was purchased on 16 December 2016.

EARNINGS

Operational Profit before tax	Down 21%	$ 2.9 million
Income tax expense - operational		$(0.7) million
Operational Profit after tax		$ 2.2 million
Investment Property Revaluations		$ 1.2 million
Other Losses on Revaluations		$(0.1) million
Other Costs		$(0.9) million
Profit before Tax		$ 2.4 million
Income tax expense – non-operational		$(0.2) million
Profit after tax attributable to members	Down 82%	**$ 2.2 million**

Operational Profit for the period was impacted by $0.4 million in rental abatements to support retailers at the Coffs Central redevelopment. Dividend and Interest income were also lower as a portion of the listed equity portfolio and cash on deposit was redirected to fund the Coffs Central development and investment in Surf Hardware International.

NET ASSETS PER SHARE

Before provision for tax on unrealised gains	Down 0.2%	$4.42 *

NET TANGIBLE ASSETS PER SHARE

Before provision for tax on unrealised gains	Down 0.2%	$4.36 *
After provision for tax on unrealised gains	Down 0.5%	$3.91

* Before provision for tax on unrealised gains on equities, investment and freehold properties

PROFIT AND LOSS STATEMENT

For the half year ended	31 Jan 2018 $'000	31 Jan 2017 $'000
Operational Net Income		
Interest income	133	351
Investment properties	4,173	4,491
Equities	246	716
Managed private equities	365	108
Surf Hardware International	(69)	(70)
Total Net Income from Ordinary Activities	4,848	5,596
Expenses		
Administration, public company and other	(1,921)	(1,880)
Operational Profit	**2,927**	**3,716**
Income tax expense - operational	(728)	(956)
Operational Profit After Tax	**2,199**	**2,760**
Gains/(losses) on sale or revaluation		
Investment Properties - Unrealised Gains	1,201	10,400
Equity - Realised Gains	-	3,547
Equity - Unrealised impairment	-	(518)
Managed Private Equities	(234)	-
Derivatives	169	223
Other		
SHI- Consolidation acquisition cost of sales adjustment	(512)	-
Other Income	3	-
Other costs	(422)	(472)
Profit Before Tax	2,404	15,940
Income tax expense – non-operational	(223)	(3,996)
Profit After Tax	**2,181**	**11,944**

KEY METRICS	31 Jan. 2018 (6 months)	31 July 2017 (12 months)	31 July 2016 (12 months)	31 July 2015 (12 months)	31 July 2014 (12 months)
Net Assets	**$213.2m**	**$214.0m**	**$198.6m**	**$186.8m**	**$170.2m**
Net Assets per Share					
- Before Tax on unrealised gains*	**$4.42**	**$4.43**	**$4.02**	**$3.77**	**$3.34**
Profit After Tax	**$2.2m**	**$23.2m**	**$22.0m**	**$19.1m**	**$14.1m**
Total Comprehensive Income	**$2.5m**	**$21.9m**	**$18.5m**	**$22.5m**	**$18.9m**
Earnings per Share	**4.1c**	**43.3c**	**40.9c**	**35.5c**	**26.1c**
Dividends per Share	**6.0c**	**12.0c**	**12.0c**	**12.0c**	**12.0c**
Total Shareholder Return	**1.1%**	**13.2%**	**9.8%**	**16.30%**	**15.20%**

* Before provision for tax on unrealised gains on equities, investment and freehold properties

FINANCIAL REVIEW

As referred in the last Annual Report, the performance of the corresponding period would be difficult to replicate as it included $10.4 million in unrealised gains on the Pacific Coast Shopping Centre portfolio. The current year focus of the Company has been to continue to invest in the development of the Company's key assets which had commenced in the previous year. This investment will not only ensure sustainability of these key assets but will result in future earnings benefit for the Company.

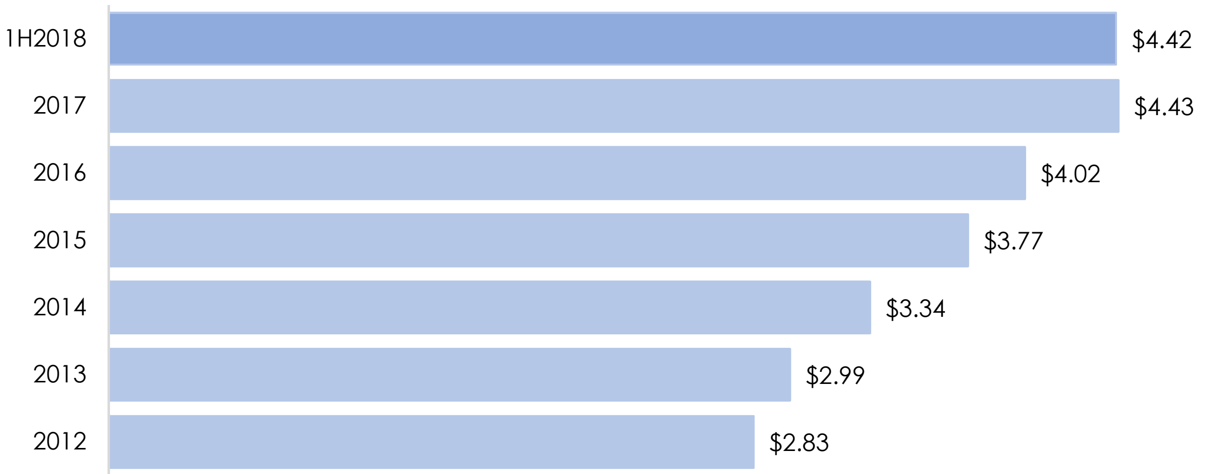
Accordingly, the first half result posted an NPAT of $2.2 million compared to the corresponding period for the prior year of $11.9 million. The major reason for the variance:

- Growth in the Pacific Coast Shopping Centre portfolio of $1.2 million in unrealised gains was lower than the $10.4 million in the corresponding period;
- Interest Income was down on the previous period by $0.2 million due to lower cash funds on deposit compared to the corresponding period and the repayment of the mezzanine finance loans by the borrower, which was at higher interest rates last year;
- Income from equities was down by $0.5 million on the previous period due to a part reallocation of the equity portfolio and therefore lower dividend yield; and
- Investment property income decreased due to rental abatements given to tenants to provide support during the Coffs Central redevelopment.

SHAREHOLDER RETURNS

The Company's focus is to preserve and grow the value of its underlying financial assets and to grow the net income from ordinary activities as the principal source of income to pay ordinary dividends. This focus has been with the Company throughout its 150 years of operations and has provided significant shareholder wealth creation.

Net Assets per Share*

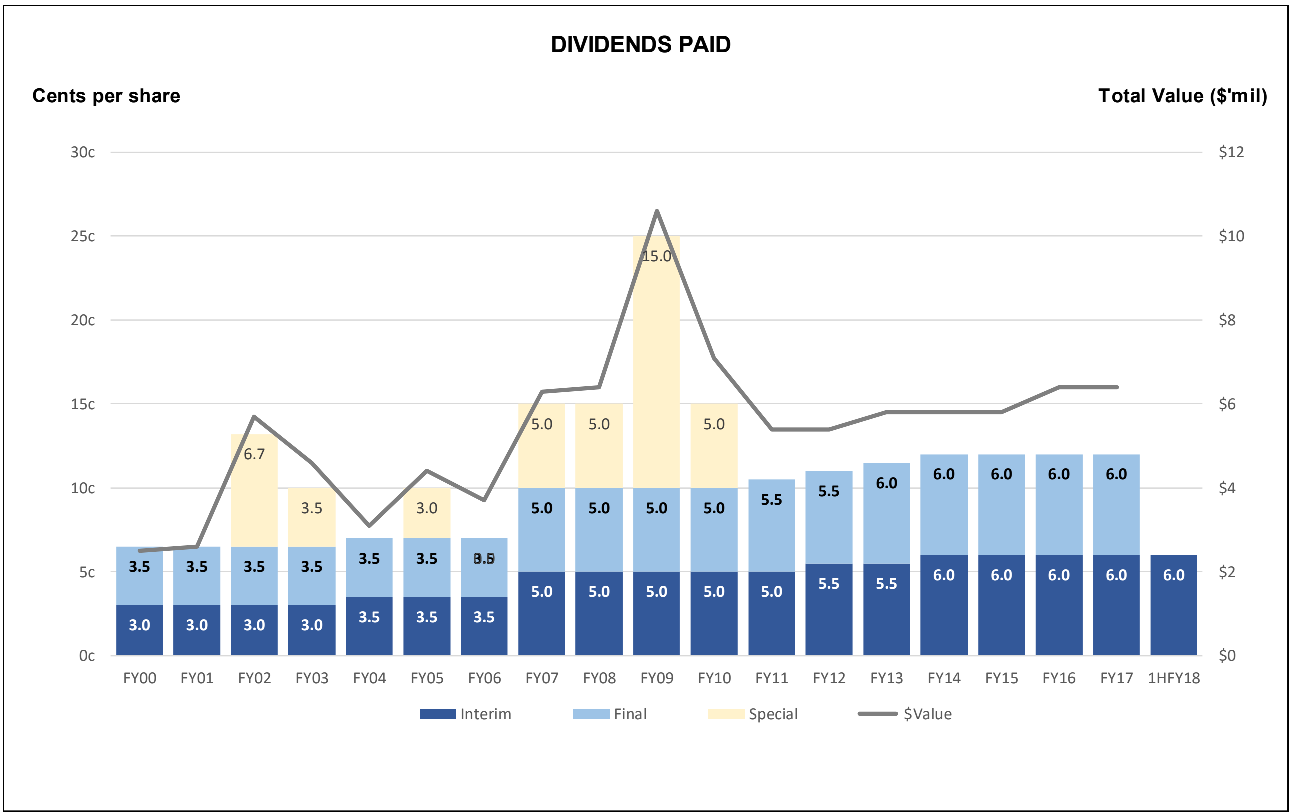


** Before provision for tax on unrealised gains on equities, investment & freehold properties*

Net assets per share have grown steadily since 2012. While net assets per share have remained relatively constant as at 31 July 2017 there has been significant investment into major assets such as Coffs Central and Moonee Marketplace which it is anticipated will bring added income and capital growth in future reporting periods.

DIVIDENDS

The Company has declared an interim 6c fully franked dividend which will be paid on 26 April 2018.



The Company has maintained a prudent approach to dividends given the capital requirements of the Company across various developments and investment opportunities either underway or under consideration.

GOWINGS AT A GLANCE

	31 Jan 2018 $'000	31 Jul 2017 $'000
Strategic Equity Investments		
Surf Hardware International	16,000	16,000
Boundary Bend Limited	13,961	13,961
Carlton Investments	5,836	5,521
TPI Enterprises Limited	2,385	2,801
Murray Darling Food Company	2,319	2,045
Hydration Pharmaceuticals	2,003	2,003
Event Hospitality Group	1,627	1,578
DiCE Molecules	1,230	1,230
Hexima	749	749
EFTsure	333	250
Other listed investments	4,029	3,831
Total	**50,472**	**49,969**
Private Equity Funds		
OurCrowd Australia	1,092	1,092
Our Innovation Fund	750	750
Five V Capital	828	300
Macquarie Wholesale Co Investment Fund	-	884
Other Private Equity Funds	279	275
Total	**2,949**	**3,301**
Pacific Coast Shopping Centre Portfolio		
Sub-regional shopping centres	188,781	173,280
Neighbourhood shopping centres	47,400	45,300
Borrowings	(81,048)	(56,023)
Total	**155,133**	**162,557**
Other Direct Properties		
Sawtell Heights Estate - residential subdivision	9,197	9,044
Solitary 30 - Coffs Harbour development land	3,233	3,190
Other Properties	16,963	16,366
Borrowings	(1,650)	(1,675)
Total	**27,743**	**26,925**
Cash and Other		
Cash	9,938	4,435
Secured Investment lending facility	-	3,000
Tax liabilities	(6,113)	(7,067)
Other assets & liabilities & SHI consolidation impact	(2,658)	(5,202)
Total	**1,167**	**(4,834)**
Net assets before tax on unrealised gains on equities, investment and freehold properties	**237,464**	**237,918**
Tax on unrealised gains on equities, investment and freehold properties	(24,243)	(23,942)
Net Assets Under Management	**213,221**	**213,976**

HALF YEAR IN REVIEW

HIGHLIGHTS

Significant work has been performed at Coffs Central and Moonee Marketplace and both developments will be completed in the second half of 2018. The realisation of these projects will see more pedestrian traffic flow to the centres and generate higher levels of rental income.

The planning work on the Lyons Road Sawtell Heights Estate residential land sub-division project has progressed with earth works expected to commence by mid-2018 in line with the first stage of 8 lots being available for sale in late 2018.

Planning work has progressed on other land holdings during the period, with several development applications being prepared for lodgement.

The listed equity portfolio delivered a return over the period of 4%, albeit on a much smaller base as part of the portfolio was selective realised with the funds reallocated to fund the redevelopment of Coffs Central and the direct equity investment into Surf Hardware International.

Surf Hardware International continued to invest in product innovation and is set to launch new product ranges which will bolster the anticipated (cyclical) strong performance in the second half.

Murray Darling Food Company continues to deliver on its plan and settled on its third property "Packwood" (840 acres), which will increase capacity, water supply and feed security for the group, strengthening its position as a leading Dorper Stud and commercial ewe and lamb producer.

On the private equity managed fund portfolio, during the period Five V Capital made three investments and Macquarie Co-investment Wholesale fund realised its last investment making a final distribution to unitholders.

Finally, work continued with the application for a wholesale Australian Financial Services Licence, and further submissions were provided to ASIC in February 2018. We are hopeful of a licence being granted by financial year end.

PROPERTY

The Pacific Coast Shopping Centre portfolio reported value was $236.2 million compared to $218.6 million at the start of the period due to the development works and a revaluation uplift of $1.2 million. Income from the shopping centre portfolio was marginally down on the prior corresponding period due to development works with increases in rental income due to commence in the second half from Moonee and Coffs Central.

The development of **Coffs Central** has progressed and the new retail areas of the centre will become operational by the end of March with Kmart commencing trading on 22 March. The 2 levels of commercial office space will become available from mid-year and to date leasing interest has been strong.

Moonee Market's leasing and upgrade works are due for completion in the second half of the year with occupancy nearing 100%. The centre has been completely repositioned as a vibrant destination for convenience, families, and tourists alike with a mix of sophisticated complimentary offers.

Port Central remains the core centre in our portfolio yielding a strong and reliable cashflow. We are continuing to evaluate strategic options for this centre to unlock further long-term value for shareholders.

At **Kempsey Central** discussions are progressing to finalise the approval for the cinema. There is strong support from the local council, the cinema operator and the community. Currently there is a Voluntary Planning Agreement ("VPA") on public exhibition, where members of the public are invited to make submissions. After reviewing submissions received the council will vote on whether to proceed with the cinema project.

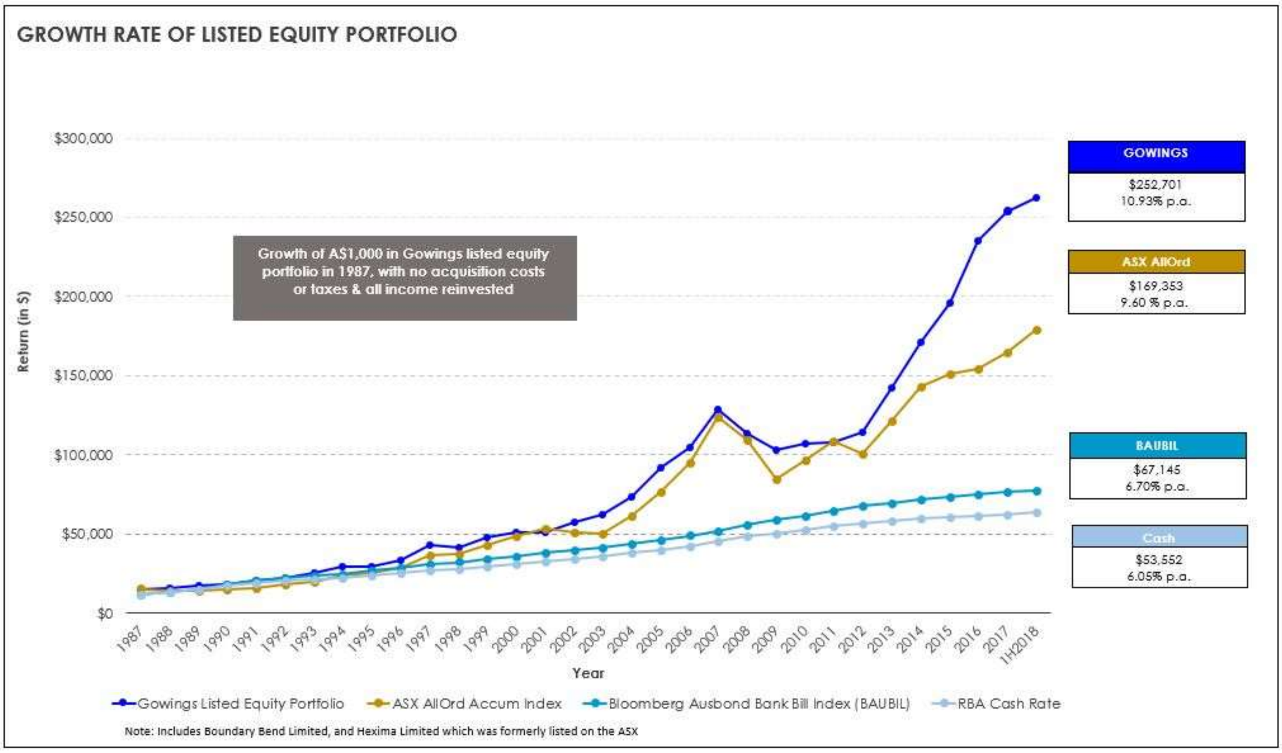
Other Direct Properties

Lyons Road Sawtell Heights Estate – is a 165-lot approved residential sub-division located near Sawtell Beach, south of Coffs Harbour. Earthworks are scheduled to commence mid-year with land pre-sales targeted to commence late 2018. Recent sales of land suggest that the market has appreciated since the Company purchased the property. The Company is also in the process of preparing a new development application to increase lot yield and improve the quality of the offer.

Solitary 30 - is a 3,000m2 development site at the Jetty Village in Coffs Harbour, boasting 270 degree water views. Solitary 30 is surrounded by cafes and restaurants and is considered to be one of the best development sites in Coffs Harbour. Strategic feasibilities are being evaluated with current zoning permitting any combination of residential apartments, hotel and mixed retail.

STRATEGIC EQUITY INVESTMENTS

Gowings has a history of strong results within its listed equity portfolio and as highlighted in the graph below it has successfully outperformed the ASX over the last 30 years.



Boundary Bend Limited ($14 million)

Boundary Bend Limited, is Australia's largest vertically integrated olive-oil producer, wholesaler and consumer marketer, owning the well-known brands Cobram Estate and Red Island. Boundary Bend Limited has been given approval by ASIC to operate a low volume financial market for its shares to be traded.

Boundary Bend's olive oil continues to be recognised as the best in breed with Cobram Estate Classic and Red Island winning 1st and 2nd place respectively in the CHOICE olive oil awards. Cobram Estate continues to be the largest brand of extra virgin oil in terms of revenue generated, commanding a 56.1% average premium over European olive oil. Boundary Bend maintains strong barriers to entry with iconic brands, high investment costs to replace tangible assets and long lead times to full plant yields.

In November a cold snap across Victoria wiped out approximately $180m worth of crops across the region. Boundary Bend's groves were hit with a frost which burnt off a significant number of developing flowers and the 2018 crop is expected to be 30% lower than initially forecast. However, they expect to see higher than expected production the following year (FY19) as the olive trees will compensate with excessive growth this period due to the lower crop load. Fortunately, the 2018 crop had a lot lower potential than if it were an on-production year, due to the biennial bearing nature of the trees.

Carlton Investments ($5.8 million) and Event Hospitality Group ($1.6 million)

Carlton Investments and Event Hospitality are related investments. Carlton's performance closely tracks that of Event Hospitality and Entertainment (41% of holdings) and the big 4 banks (20%). The company invests for the long term and holds no intention of disposing of investments other than through takeovers, mergers or exceptional circumstance.

Key updates at Event include; acquisition of 458-472 George St, Sydney in April 2017 with intent of mixed-use development; a potential expansion of the adjoining QT Sydney hotel; and the appointment of Jane Hastings as CEO in July.

In the entertainment division Event is working on new cinema design plans, increasing cinema sales to customers, and expanding film content. Event opened three new cinemas and has a further eight to open in the development pipeline. Quality of blockbuster films is a key revenue driver for the division with 2016-17 being a cyclical low for the film industry. Event is expecting better performance in the coming year. Across hotels and resorts Event is upgrading its properties, enhancing their pricing and booking systems, and providing better food and beverage services.

TPI Enterprises Limited ($2.4 million)

TPI Enterprises Limited manufactures narcotic raw materials (NRM) and offers concentrate of poppy straw such as morphine, thebaine, oripavine, and codeine. TPI converts NRM into Active Pharmaceutical Ingredients (API) and sells globally, along with converting API into Finished Dosage Formula (FDF). TPI additionally sells poppy seed for culinary purposes.

In October TPI completed their Norwegian facility acquisition bringing online active pharmaceutical ingredient and final dosage formulation capabilities with access to new markets and customers. TPI sold their Portugal processing facility at €2.85m as active pharmaceutical ingredient will be produced exclusively in Norway. TPI are forecasting a significant rise in revenue to $50m (FY18).

Hexima ($0.7 million)

Hexima is a biotechnology company actively engaged in the research and development of plant-derived proteins and peptides for applications as human therapeutics and for the genetic modification of crops. Hexima conducts most of its research under contract with La Trobe University and has five main areas of interest: plant fungal disease, insect resistance, human antifungal, non-melanoma skin cancer, and multi-gene expression vehicle. Hexima's flagship research – HXP124 designed to treat fungal nail infections, is moving into clinical trials and has secured patents across USA, Japan, China, Mexico and Europe. HXP124 kills nail fungi more effectively than current treatments and looks to address a market that is expected to grow to US$4.7b by 2021.

Surf Hardware International ($16 million)

Surf Hardware International (SHI) is a manufacturer and global supplier of surf-related products under four highly recognised brands including FCS, Gorilla, Softech and Hydro.

Surf Hardware's earnings are weighted towards the second half where the Company is forecasting improved results as the new summer product ranges begin to flow into the northern hemisphere markets (USA, Europe and Japan) from February 2018.

During the first half the business experienced mixed retail conditions with Europe and Japan performing well offset by challenging conditions in Australia and the US West Coast.

Pleasingly, sales of the Company's patented FCS II plugs were up on the same period last year and growth was achieved in the key category of FCS II retail premium fins, along with FCS traction and leashes.

FCS athletes performed well during the half collecting 7 WSL event victories and a total of 8 events were won by surfers riding the FCS II system and fins.

During the period Mason Ho joined the FCS team alongside other key global athletes including world champion Mick Fanning, Gabriel Medina, Julian Wilson, Filipe Toledo, Jeremy Flores and Sally Fitzgibbons, who also signed an agreement to ride for the Softech Surfboard brand.

In March 2018, the launch of the much anticipated FCS Freedom Leash, a key innovation for the brand, should also drive improved results with significant marketing investment planned to support the launch of the product.

Murray Darling Food Company ($2.3 million)

During the period Murray Darling Food Company (MDFC) completed the purchase of the "Packwood" an 840 acre property in Condobolin NSW. This property complements the existing Burrawang West Station (Ootha NSW) and Bombah (Tottenham NSW) properties. Packwood is a strategic acquisition as not only does it provide the ability to carry more stock but it also comes with water licences, access to a good supply of artesian water supply and also a prime Lucerne growing paddock on the river. From a trading perspective the October ram sale was another success setting industry benchmark prices. This was a strong result and further positions MDFC towards being the leading Australian Dorper stud. MDFC also currently runs 5,300 commercial ewes to breed 8,000 fat lambs per year.

Hydration Pharmaceuticals ($2 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.

Hydralyte's Canadian business is performing well with the recent launch into Quebec and strong distribution across pharmacies with significant further growth forecast. Hydralyte continues to make consistent inroads in the United States and growth has been strong along with rollouts in key distribution markets. Additionally, Hydralye has further global ambitions, surveying European markets in the near term.

DiCE Molecules ($1.2 million)

DiCE Molecules is a privately held US biotechnology company using directed evolution in the field of chemistry for new drug discovery. DiCE generates revenue by hitting research targets for their partners in the pharmaceutical industry and licencing intellectual property. In an exciting update, DiCE announced a multi-year collaboration to discover new small molecules against multiple targets of interest with Genentech. Partnership with Genentech and Sanofi is a strong signal of the potential of DiCE's technology and we are excited to see further research commence.

EFTsure ($0.3 million)

EFTsure is an Australian owned IT company incorporated to deliver electronic payment authentication services to its customers. EFTsure has developed a real-time authentication software solution which verifies payee data prior to release of funds thereby continually checking the authenticity of electronic payments. It was a strong half for EFTsure with several significant milestones achieved. The business secured several new customers, including seeing the fruits of the strategic partnership with PwC – specifically, the company is seeing a high rate of success with NSW councils. The Company invests in EFTsure directly and via the Our Innovation Fund.

PRIVATE EQUITY MANAGED FUNDS

OurCrowd Australia ($1.1 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 $400 million into 110 portfolio companies and funds. Gowings has made a $US 1.1 million investment into OurCrowd of which $US 0.65 million has been deployed across 21 companies covering healthcare, tech hardware, software, fintech, and mobility.

Our Innovation Fund ($0.8 million)

The Our Innovation Fund LP, is an early stage venture capital limited partnership (ESVCLP) which invests in Australian-based early stage, innovative technology businesses with the potential for high growth and attractive returns. The Fund is run by the team behind OurCrowd Australia and intends to capitalize on the Australian government's National Innovation and Science Agenda, which seeks to stimulate the Australian innovation ecosystem with various grants and tax concessions.

The Fund seeks to make investments throughout various stages of company development (from seed through to early expansion), with 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.

Our Innovation Fund continued to see significant deal-flow activity throughout the quarter taking on four new investments including Go1, a professional learning platform that provides organisations the ability to find, book and deliver their professional development and compliance training. 2018 is expected to be another very active year as they continue to deploy committed capital and help add value to the portfolio of companies.

Five V Capital ($0.8 million)

Five V Capital has been set up and managed by Adrian MacKenzie and Srdjan Dangubic, experienced Australian private equity and venture capital managers with whom Gowings have enjoyed a long relationship. Gowings have committed $1 million to Five V's Fund II which invests in businesses across Australia and New Zealand. The principals of Five V Capital have committed a substantial amount of their own capital to Fund II, driving alignment of interests between the managers and investors.

During the first half, Five V Capital made an investment in RateSetter Australia, a peer-to-peer lending platform providing a marketplace matching investors with credit-worthy borrowers. RateSetter has originated $220.7m of loans since inception with a current loan book of $127.9m funded by RateSetter's unique retail lender base. Five V Capital has also partnered with a major Malaysian investment firm to acquire a controlling stake in Education Perfect. Education Perfect is one of the largest and fastest growing online education platforms in Australia and New Zealand covering the Languages, Science, English and Mathematics secondary school curriculum. Education Perfect is harnessing positive industry tailwinds, a sticky customer base, and a scalable technology platform to address a large and high growth global market.

In the second half realisations of investments in Five V Capital Fund I are expected to deliver a carried interest equivalent to 9% of Fund II's committed capital.

Macquarie Wholesale Co Investment Fund

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. During the period the remaining two investments in the fund being SuperA-Mart & BBQ Galore and a small escrow stake in Space-time Research were sold in the private equity secondary market. Following the sale, the fund made final distributions to investors and was wound up. Overall the fund returned a multiple of 1.2 times the invested capital.

OUTLOOK AND GROWTH

Global economic growth remains strong, unemployment low and inflation under control.

The world continues to be awash with cash, low interest rates and high asset prices. All very tell tale signs of market cycles approaching their peaks. Add to this mix growing trade protectionism and US tax cuts and the outlook is becoming increasingly uncertain and we are likely to see increased volatility in the coming years.

As always, we remain cautiously optimistic with our investment portfolio weighted towards income producing assets that will continue to generate strong cashflows throughout the cycles.

With the significant redevelopment works at Coffs Central reaching completion, the strategic leasing campaign for Moonee Marketplace being successfully concluded, and Lyons Road "Sawtell Heights Estate" residential blocks sales expected to come to market late 2018, the future is looking relatively secure for building increased recurring earnings and modest capital growth. The future is of course inherently difficult to predict and subject to the vagaries of interest rate and investment cycles.

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)

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 32.

Dated this 23rd day of March 2018 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 2018

	Notes	31 Jan 2018	31 Jan 2017
		$'000	$'000
Revenue			
Interest income		133	351
Equities		246	716
Private equities		365	108
Investment properties		9,789	9,751
Revenue from the sale of goods (Surf Hardware International)		16,783	4,266
Total Revenue		**27,316**	**15,192**
Other Income			
Gains (losses) on disposal or revaluation of:			
- Equities		-	3,547
- Private equities		(234)	85
- Investment properties		1,201	10,400
- Derivatives		169	223
- Other		219	(85)
Total Revenue and other Income		**28,671**	**29,362**
Expenses			
Investment properties		3,863	3,846
Finished goods, raw materials and other operating costs (Surf Hardware International)		17,373	4,282
Administration		1,009	578
Borrowing costs		1,753	1,417
Depreciation		281	121
Employee benefits		1,038	930
Public company		222	302
Business acquisition costs		-	472
Total Expenses		**25,539**	**11,948**
Profit from continuing operations before impairment and income tax expense		**3,132**	**17,414**
Unrealised impairment – equities		**-**	(518)
Profit before income tax		**3,132**	**16,896**
Income tax expense	3	(951)	(4,952)
Profit from continuing operations		**2,181**	**11,944**
Profit from continuing operations is attributable to:			
Members of Gowings Bros. Limited		2,182	11,944
Non-controlling interests		(1)	-
Profit from continuing operations		**2,181**	**11,944**

The consolidated statement of profit or loss should be read in conjunction with the notes as set out on pages 20 to 30.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 JANUARY 2018

	Notes	31 Jan 2018	31 Jan 2017
		$'000	$'000
Profit from continuing operations		**2,181**	**11,944**
Other Comprehensive Income			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		(8)	(97)
Transfer from unrealised reserves to realised gains after tax		-	(1,995)
(Decrease) / Increase in fair value of investments net of tax		294	2,381
Total Comprehensive Income		**2,467**	**12,233**
Total comprehensive income attributable to:			
Members of Gowing Bros. Limited		2,468	12,233
Non-controlling interests		(1)	-
Total Comprehensive Income		**2,467**	**12,233**
Basic earnings per share	8	**4.1c**	**22.2c**

The consolidated statement of comprehensive income should be read in conjunction with the notes as set out on pages 20 to 30.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 JANUARY 2018

	Note	31 Jan 2018	31 Jul 2017
		$'000	$'000
Current Assets			
Cash and cash equivalents		10,872	5,886
Development properties		297	297
Loans receivable		-	3,000
Trade and other receivables		6,875	6,636
Inventories		6,952	7,527
Other		978	1,220
Total Current Assets		**25,974**	**24,566**
Non-Current Assets			
Receivables		706	760
Equities		34,472	33,969
Private equities		2,949	3,301
Development properties		13,909	13,707
Investment properties	4	243,710	226,661
Property plant & equipment		7,835	7,828
Deferred tax assets		3,870	4,631
Intangibles		3,587	3,550
Other		2,100	1,839
Total Non-Current Assets		**313,138**	**296,246**
Total Assets		**339,112**	**320,812**
Current Liabilities			
Trade and other payables		6,120	9,902
Borrowings	5	16,513	9,330
Derivatives		564	733
Current tax liabilities		52	2,085
Provisions		1,094	1,075
Total Current Liabilities		**24,343**	**23,125**
Non-Current Liabilities			
Trade and other payables		256	275
Borrowings	5	66,198	49,023
Provisions		559	498
Deferred tax liabilities		34,535	33,915
Total Non-Current Liabilities		**101,548**	**83,711**
Total Liabilities		**125,891**	**106,836**
Net Assets		**213,221**	**213,976**
Equity			
Contributed equity		12,611	12,611
Reserves	6	103,515	103,229
Retained profits	7	97,098	98,138
Contributed equity & reserves attributable to members of Gowing Bros. Ltd		**213,224**	**213,978**
Non-controlling interests		(3)	(2)
Total equity		**213,221**	**213,976**

The consolidated statement of financial position should be read in conjunction with the notes as set out on pages 20 to 30.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 JANUARY 2018

	Contributed Equity	Capital Profits Reserve- Pre CGT Profits	Foreign Currency Translation Reserve	Revaluation Reserve	Retained Profits	Non-Controlling Interests	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
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**
Balance at 1 August 2017	12,611	90,503	(162)	12,888	98,138	(2)	213,976
Total comprehensive income for the half year	-	-	(8)	294	2,182	(1)	2,467
Share buy-back	-	-	-	-	-	-	-
Transactions with owners in their capacity as owners:							
- Dividends paid	-	-	-	-	(3,222)	-	(3,222)
Balance at 31 January 2018	**12,611**	**90,503**	**(170)**	**13,182**	**97,098**	**(3)**	**213,221**

The consolidated statement of changes in equity should be read in conjunction with the notes as set out on pages 20 to 30.

Enriching People's Lives, since 1868

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 JANUARY 2018

	31 Jan 2018	31 Jan 2017
	$'000	$'000
Cash Flows from Operating Activities		
Receipts in the course of operations (inclusive of GST)	29,980	15,980
Payments to suppliers and employees (inclusive of GST)	(26,592)	(12,015)
Dividends received	246	716
Interest received	411	227
Borrowing costs	(1,753)	(1,417)
Income taxes paid	(1,725)	(5,151)
Net Cash inflow (outflow) from Operating Activities	567	(1,660)
Cash Flows from Investing Activities		
Payments for purchases of property, plant and equipment	(268)	(71)
Payments for purchases of intangibles	(57)	(18)
Payments for purchases of equity investments	(421)	(4,002)
Payments for purchases of investment properties	(19,737)	(4,715)
Payments for purchases of development property	(202)	(12,194)
Payment for subsidiary, net of cash acquired	-	(8,293)
Loans made	-	(997)
Proceeds from loans made	3,000	-
Proceeds from sale of equity investments	456	15,926
Proceeds from sale of investment properties	512	-
Proceeds from loans on development property	-	391
Net Cash outflow from Investing Activities	(16,717)	(13,973)
Cash Flows from Financing Activities		
Payments for share buy-backs	-	(41)
Repayment of borrowings	(667)	(52)
Proceeds from borrowings	25,025	-
Dividends paid	(3,222)	(3,222)
Net Cash inflow (outflow) from Financing Activities	21,136	(3,315)
Net increase (decrease) in Cash Held	**4,986**	**(18,948)**
Cash at the beginning of the period	5,886	20,997
Cash at the end of the period	**10,872**	**2,049**

The consolidated statement of cash flows should be read in conjunction with the notes as set out on pages 20 to 30.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

Gowings Bros. Limited ("the Company") is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The interim financial report is for the Company and its controlled entities (referred herein as "the Group").

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 Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

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 Group as at and for the year ended 31 July 2017 together with any public announcements made during the half year.

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 Group'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 Group's financial statements as at and for the year ended 31 July 2017.

Comparative information

Comparative information has been reclassified where appropriate to enhance comparability.

New, revised or amending Accounting Standards and Interpretations adopted.

The Group has adopted all new, revised or amending Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the interim financial statements.

Any new, revised or amending Australian Accounting Standards or Interpretations that are not yet mandatory have not been adopted.

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

For the period ended	31 Jan 2018	31 Jan 2017
	$'000	$'000
Segment revenue		
Cash and fixed interest – interest received	133	351
Equities – dividends and options income	246	716
Private equities – distributions received	365	108
Investment properties – rent received	9,789	9,751
Surf Hardware International business– sale of goods	16,783	4,266
Total segment revenue	27,316	15,192
Segment other income		
Equities – realised gains on disposal	-	3,547
Private equities – unrealised fair value/ realised gains/(losses)	(234)	85
Investment properties – unrealised fair value gains	1,201	10,400
Other	388	138
Total other income	1,355	14,170
Total segment revenue and other income	**28,671**	**29,362**
Segment result		
Cash and fixed interest	133	351
Equities	246	3,745
Private equities	131	193
Investment properties	5,389	14,890
Development properties	-	-
Surf Hardware International business	(595)	(70)
Other	(2,172)	(2,213)
Total segment result	3,132	16,896
Income tax expense	(951)	(4,952)
Net profit after tax	**2,181**	**11,944**

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 from external customers by geographical region

The Group only derives revenue from customers on the Investment Properties and Surf Hardware International business segments.

For the period ended	31 Jan 2018	31 Jan 2017
	$'000	$'000
Australia	16,130	12,326
United States of America	5,222	1,024
Japan	2,064	356
Europe	3,156	311
Total revenue from external customers	26,572	14,017

As at	31 Jan 2018	31 Jul 2017
	$'000	$'000
Segment assets		
Cash and fixed interest	10,872	5,886
Equities	34,472	33,969
Private equities	2,949	3,301
Investment properties	243,710	226,661
Development properties	14,206	14,004
Surf Hardware International business	13,846	14,841
Unallocated assets	19,057	22,150
Total assets	339,112	320,812
Segment liabilities		
Investment properties	82,698	57,698
Surf Hardware International business	3,204	3,743
Unallocated liabilities	39,989	45,395
Total liabilities	125,891	106,836
Non-current assets by geographical region		
Australia	307,455	290,615
United States of America	5,356	5,294
Japan	215	216
Europe	112	121
Total non-current assets	313,138	296,246

NOTES TO THE INTERIM FINANCIAL STATEMENTS

3. INCOME TAX

	31 Jan 2018	31 Jan 2017
	$'000	$'000
Prima facie tax expense on the net profit at 30% (2017: 30%)	940	5,069
Tax effect of permanent differences:		
(Over)/Under provision prior year	(113)	51
Deferred tax asset not recognised	155	-
Non-assessable income	27	-
Franked dividends	(58)	(168)
Income tax expense	951	4,952

4. NON-CURRENT INVESTMENT PROPERTIES

	31 Jan 2018	31 Jul 2017
	$'000	$'000
Land and buildings – at fair value	243,710	226,661
At fair value		
Balance at beginning of period	226,661	192,716
Additions	16,987	15,041
Disposal (proceeds)	(512)	(1,600)
Transfers in/out	-	(1,582)
Amortisation on incentives	(627)	(1,216)
Net gain from fair value adjustment	1,201	23,302
Balance at end of period	243,710	226,661

	31 Jan 2018	31 Jan 2017
	$'000	$'000
Amounts recognised in profit or loss for investment purposes		
Rental revenue	9,789	9,751
Direct operating expenses from rental generating properties	(5,601)	(5,260)
Gain on revaluation	1,201	10,400
	5,389	14,891

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

	Valuation Method	Cap Rate	31 Jan 2018	31 Jul 2017
			$'000	$'000
Sub-regional Shopping Centres (Coffs Central and Port Central)	(a)	6.25% - 6.50%	188,781	173,280
Neighbourhood Shopping Centres (Kempsey Central and Moonee Marketplace)	(a)	6.75% - 8.25%	47,400	45,300
Other Properties	(b)	n/a	7,529	8,081
Total			243,710	226,661

NOTES TO THE INTERIM FINANCIAL STATEMENTS

4. NON-CURRENT INVESTMENT PROPERTIES (CONTINUED)

(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 2018 were based on management's assessments of externally prepared valuations.

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

Sensitivity analysis of sub-regional and neighbourhood shopping centre investment properties held at fair value

At 31 January 2018, a reduction of 0.5% in the capitalisation rate applied to each property would result in an additional gain of $21.6 million in the consolidated statement of profit or loss and consolidated statement of comprehensive income. Similarly, an increase of 0.5% in the capitalisation rate of each property would result in an additional loss of $18.5 million in the consolidated statement of profit or loss and consolidated statement of comprehensive income.

5. BORROWINGS

	31 Jan 2018	31 Jul 2017
	$'000	$'000
CURRENT		
Bill payable – secured	16,500	8,675
Trade facility - secured	4	644
Finance lease – secured	9	11
	16,513	**9,330**
NON -CURRENT		
Bill Payable - secured	66,198	49,023
	66,198	**49,023**

In August 2017, the Group entered into a new secured bill facility ("the new secured bill facility"). The new secured bill facility has a total facility limit of $10 million. The term of the new secured bill facility is 1 year and 6 months from the date of the funding. The new secured bill facility is secured against the Moonee Marketplace Shopping Centre ("the SC"). Interest is charged at the BBSY rate and a line fee is charged at a rate of 2% p.a. on the total facility limit. The lender requires the SC business to meet certain financial ratios: the SC business must have a minimum interest coverage of 2.0 times and the SC loan to valuation ratio not to exceed 50% (the LVR is measured against the specific asset/debt under this approval).

In January 2018, the Group extended the repayment date of the $7 million current bill payable which was due to be repaid on 2 February 2018 to 3 May 2018.

6. RESERVES

	31 Jan 2018	31 Jul 2017
	$'000	$'000
Capital profits reserve	90,503	90,503
Foreign currency translation reserve	(170)	(162)
Asset revaluation reserve	1,037	1,037
Investment revaluation reserve – equities	12,145	11,851
Total Reserves	103,515	103,229

NOTES TO THE INTERIM FINANCIAL STATEMENTS

7. RETAINED PROFITS

	31 Jan 2018	31 Jul 2017
	$'000	$'000
Retained profits at the beginning of the financial period	98,138	81,338
Net profit attributable to members of Gowing Bros. Limited	2,182	23,242
Dividends provided for or paid	(3,222)	(6,442)
Retained Profits at end of the financial period	97,098	98,138

8. EARNINGS PER SHARE (EPS)

	31 Jan 2018	31 Jan 2017
	$'000	$'000
Earnings reconciliation:		
Basic and diluted earnings (Net profit) – Members of Gowing Bros. Ltd	2,182	11,944
	Total No.	Total No.
Weighted average number of ordinary shares on issue used in the calculation of basic and diluted earnings per share.	53,680,259	53,685,805
Basic and diluted earnings per share	4.1c	22.2c

At balance date there were no options on issue.

9. NET TANGIBLE ASSET BACKING

	31 Jan 2018	31 Jul 2017
NTA per ordinary share before allowing for tax on unrealised capital gains	$4.36	$4.37
NTA per ordinary share after allowing for tax on unrealised capital gains	$3.91	$3.93

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.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

10. FAIR VALUE (CONTINUED)

(a) Fair value Hierarchy (continued)

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

Level 3: unobservable inputs for the assets or liabilities.

The following tables present the Group's assets and liabilities measured and recognised on a recurring basis at fair value at 31 January 2018 and 31 July 2017.

31 January 2018	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Financial assets available for sale				
Investments – Australian equities	13,876	-	17,362	31,238
Investments – Global equities	-	-	3,234	3,234
Financial assets designated at fair value through profit or loss				
Investments – private equities	-	-	2,949	2,949
Investments – properties	-	-	243,710	243,710
Other assets – designated at fair value				
Freehold - properties	-	-	6,379	6,379
Financial liabilities – designated at fair value through profit or loss				
Derivatives	-	(564)	-	(564)
Total net financial assets and financial liabilities	13,876	(564)	273,634	286,946

31 July 2017	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Financial assets available for sale				
Investments – Australian equities	13,731	-	17,004	30,735
Investments – Global equities	-	-	3,234	3,234
Financial assets designated at fair value through profit or loss				
Investments – private equities	-	-	3,301	3,301
Investments – investment properties	-	-	226,661	226,661
Other assets – designated at fair value				
Freehold - properties	-	-	6,401	6,401
Financial liabilities – designated at fair value through profit or loss				
Derivatives	-	(733)	-	(733)
Total net financial assets and financial liabilities	13,731	(733)	256,601	269,599

There were no transfers between level 1, level 2 and level 3 fair value measurements during the half year.

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:

	Unlisted Equities	Global Equities	Private Equities	Freehold Properties	Investment Properties	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Opening balance 1 August 2017	17,004	3,234	3,301	6,401	226,661	256,601
Transfer (to)/from level 1	-	-	-	-	-	-
Total gains and (loss) recognised in profit or loss - unrealised	-	-	193	-	1,201	1,394
Total gains and (loss) recognised in profit or loss - realised	-	-	(427)	-	-	(427)
Total gains and (loss) recognised in other comprehensive income	-	-	-	-	-	-
Additions including purchases, transfers, tenant incentives, and straight-line rental income net of amortisation and depreciation	358	-	338	(22)	16,360	17,034
Sales proceeds	-	-	(456)	-	(512)	(968)
Closing balance 31 January 2018	17,362	3,234	2,949	6,379	243,710	273,634

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 private equities has been determined by reference to "fund manager's" valuations, off market trades and other relevant factors.

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.

11. DIVIDENDS

	Cents per Share	Total	Date
The following dividends were paid by the company:		$'000	
Final dividend 31 July 2017	6.0c	3,222	26 October 2017
Since the end of the period, the directors resolved to pay the following dividend			
Interim dividend 31 January 2018	6.0c	3,222	26 April 2018

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 2018 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 was split into two tranches as follows:

	$'000
Purchase consideration (first tranche) – cash paid on acquisition date	10,000
Purchase consideration (second tranche) – cash paid on 30 June 2017	6,000
Total fair value of the total purchase consideration	16,000

Purchase consideration was payable in two tranches, the first tranche was paid on the acquisition date in cash and the second tranche was paid in cash on 30 June 2017. At 31 January 2018 no purchase price consideration remains outstanding in relation to the acquisition.

(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	10,392
Other assets	324
Property, plant and equipment	887
Intangibles	1,050
Deferred tax assets	258
Total fair value of identifiable assets acquired	19,273

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	989
Other provisions	334
Leave liability	17
Deferred tax liabilities	729
Income tax payable	1,861
Total fair value of identifiable liabilities acquired	5,656

The fair value of identifiable assets and liabilities acquired were recorded on a provisional basis in prior periods. The Group has retrospectively adjusted the fair value of certain identifiable assets and liabilities recorded in prior periods based on new information obtained since the date of acquisition about facts and circumstances that existed on the acquisition date. Comparative information relating to prior periods has been revised for the effect of retrospective adjustments. The fair value of identifiable assets and liabilities acquired are no longer recorded on a provisional basis.

(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.

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	(13,617)
Goodwill recorded on acquisition	2,383

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

Goodwill is not deductible for tax purposes.

13. 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-18	31-Jul-17	31-Jan-18	31-Jan-17
	%	%	$'000	$'000
Regional Retail Properties	50	50	60	50
Total	**50**	**50**	**60**	**50**

NOTES TO THE INTERIM FINANCIAL STATEMENTS

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

	TOTAL NO.
Ordinary Securities:	
Opening Balance	53,680,259
Share buy-back	-
Closing Balance	53,680,259

15. 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 ($8.2 million) to fully frank all dividends that have been declared.

16. COMMITMENTS FOR EXPENDITURE

Capital commitments

The Group has uncalled capital commitments of up to $1.32 million in relation to private equity investments held at period end.

The Group has entered into construction contracts for development works at the Coffs Central Shopping Centre. The Group has capital commitments of $5.58 million in relation to these development works at period end.

17. SUBSEQUENT EVENTS

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

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 30 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 2018 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

23 March 2018

HLB Mann Judd

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 2018, 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**
23 March 2018	**Partner**

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HLB Mann Judd

Accountants | Business and Financial Advisers

GOWING BROS. LIMITED

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Gowing Bros. Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Gowing Bros. Limited ("the Company"), which comprises the consolidated statement of financial position as at 31 January 2018, 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 2018 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.

Independence

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

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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 2018 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

S Grivas
Partner

Sydney, NSW
23 March 2018