Enriching People's Lives, since 1868

APPENDIX 4D | For the half year ended 31 January 2020

GOWING BROS

Investing together for a secure future

Gowing Bros. Limited

ABN 68 000 010 471

Suite 21, Jones Bay Wharf

26 – 32 Pirrama Rd, Pyrmont NSW 2009

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

www.gowings.com

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Half Year in Summary

Profit before tax for the Half-Year

$5.7m

Up from 2019 loss $(3.3m)

Moonee Market Divestment

$30.5m

Capital Gain on investment $14.8m

Total Shareholder Return

0.5%

Up from 2019 (12.8)%

Sawtell Commons – Stage 1 Sales

$2.3m

Net Income from Sales $0.7m

Net Assets per share

$3.80

Before tax on unrealised gains

Fully Franked LIC Interim Dividend

5.0c per share

2019 Interim Dividend 5.0c (no LIC)

EST 1868

GOWING BROS

RESULTS FOR ANNOUNCEMENT TO THE MARKET

The reporting period is the half year ended 31 January 2020 with the previous corresponding period being the half year ended 31 January 2019 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 2019 annual report for the Group.

DIVIDENDS

Interim fully franked dividend per share	No change	5.0 cents
The record date for the interim dividend		9 April 2020
The payment date of the interim dividend		23 April 2020

REVENUE

Total Revenue from Ordinary Activities	Up	12%	$ 33.1 million

EARNINGS

Operational Profit before tax	Up	50%	$2.5 million
Investment Property Realised Gains			$2.1 million
Private Equity Revaluations			$1.2 million
Profit before Tax			$5.8 million
Income Tax Expense			$(2.1) million
Profit after Tax attributable to members	Up	240%	**$3.7 million**

NET TANGIBLE ASSETS PER SHARE

Net Tangible Assets per share	Up	0.3%	$3.47

PROFIT AND LOSS STATEMENT

For the half year ended	31 Jan 2020 $'000	31 Jan 2019 $'000
Operational Net Income		
Interest income	113	89
Investment properties	3,803	3,590
Development properties	736	-
Equities	367	285
Managed private equities	563	23
Surf Hardware International	(927)	(202)
Total Net Income from Ordinary Activities	4,655	3,785
Expenses		
Administration, public company and other	(2,204)	(2,149)
Operational Profit	**2,451**	**1,636**
Gains/(losses) on sale or revaluation		
Investment Properties - Unrealised Gains (losses)	8	(5,016)
Investment Properties – Realised Gains	2,134	407
Managed Private Equities	1,217	547
Derivatives	35	(939)
Other		
Other Income	(10)	-
Other costs	(124)	(18)
Profit (loss) Before Tax	5,711	(3,383)
Income tax benefit (expense)	(2,054)	775
Profit (loss) After Tax	**3,657**	**(2,608)**

KEY METRICS	31 Jan. 2020 (6 months)	31 July 2019 (12 months)	31 July 2018 (12 months)	31 July 2017 (12 months)	31 July 2016 (12 months)
Net Assets	**$191.3m**	**$191.1m**	**$216.0m**	**$214.0m**	**$198.6m**
Net Assets per Share					
- Before Tax on unrealised gains*	**$3.80**	**$3.83**	**$4.52**	**$4.43**	**$4.02**
Profit (loss) After Tax	**$3.7m**	**($19.4)m**	**$6.5m**	**$23.2m**	**$22.0m**
Total Comprehensive Income (loss)	**$3.1m**	**($19.7)m**	**$8.6m**	**$21.9m**	**$18.5m**
Earnings per Share	**6.8c**	**(36.07)c**	**12.18c**	**43.3c**	**40.9c**
Dividends per Share	**5.0c**	**11.0c**	**12.0c**	**12.0c**	**12.0c**
Total Shareholder Return	**0.5%**	**(12.8)%**	**4.7%**	**13.2%**	**9.8%**

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

FINANCIAL REVIEW

The Group is pleased to report a profit before tax of $5.7 million which is higher than the $(3.4) million loss recorded for the corresponding period in 2019.

The financial highlight during the period was undoubtedly the successful sale of Moonee Market Shopping Centre which settled on 25 November 2019. Moonee Market was originally purchased in April 2010 and during Gowings period of ownership the centre was upgraded, and tenancy mix improved to reposition the centre as vibrant hub for the local community. The $30.5 million sale price represented a passing yield of 6.4% and supports the demand for high quality neighbourhood centres and is just reward for the investment made by Gowings into the asset.

The cash received from the sale has been used to retire debt and in the future will be redirected to fund other investment opportunities.

The other shopping centres in the portfolio delivered a strong result in the current challenging retail climate and together with lower interest rates the investment property category net income was 6% higher than the prior corresponding period. The carrying value of the remaining shopping centres in the portfolio remained consistent with the valuations as at 31 July 2019.

In December 2019 Sawtell Commons settled on the first 8 lots in Stage 1 of the residential sub-division. All but one of these lots were sold to building companies who are creating a display village for the site. The sales generated $2.3 million and net income of $0.7 million. We look to further stages of the development supplementing income of future periods. As we write there are three houses under construction in the display village.

Towards the end of the 2019 financial year and during the period Gowings added to the strategic investment portfolio. These additions increased the dividends received by 29% over the corresponding period.

The managed Private Equity portfolio performed well during the period with both Five V Capital and OurCrowd divesting investments which generated healthy realised returns of $0.6 million. Also received was a cash distribution of income from MEIF of $0.6 million. The overall performance of the category was also bolstered by upward revaluation of the remaining investments by $0.6 million.

During the period, gross margins for Surf Hardware International ("SHI") were down due to a combination of exchange rate movements, the implementation of tariffs on US imported goods from China and the overall mix of sales. Together with the planned increase in operating expenditure this led to the result for the period being $0.7 million lower than the prior corresponding period. SHI's performance is cyclical with the yearly result driven from the second half performance due to the northern hemisphere summer.

DIVIDENDS

With a significant capital gain for tax being recorded on the sale of Moonee Market this has generated LIC credits, and the board has elected to declare to pay on the 23 April 2020 an interim 5c fully franked LIC dividend.

The Company believes in maintaining 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 (At Directors' Valuation)

	31 Jan 2020 $'000	31 Jul 2019 $'000
Strategic Equity Investments		
Surf Hardware International	16,000	16,000
Boundary Bend Limited	14,834	14,834
Carlton Investments	6,618	6,579
Murray Darling Food Company	2,157	2,157
DiCE Molecules	2,411	2,411
BBBSA Finance	2,400	2,400
NSX Limited	1,200	2,100
Event Hospitality Group	1,542	1,494
Hydration Pharmaceuticals	1,393	1,393
Phalla Pharma Limited	1,113	1,406
Hexima	949	949
Blackfynn	403	403
EFTsure	426	358
Power Pollen Accelerated Ag Technologies	698	260
Other Listed Investments	9,672	5,679
Total	**61,816**	**58,423**
Private Equity Funds		
Five V Capital	1,868	1,743
OurCrowd Australia	1,415	1,375
Our Innovation Fund	1,570	1,303
Other Private Equity Funds	474	486
Total	**5,327**	**4,907**
Pacific Coast Shopping Centre Portfolio		
Sub-regional shopping centres	178,635	177,991
Neighbourhood shopping centres	19,929	47,640
Borrowings	(80,175)	(89,745)
Total	**118,389**	**135,886**
Other Direct Properties		
Sawtell Commons - Residential Subdivision	10,107	11,500
Harbour Drive Solitary 30 Site	3,365	3,317
Other Properties	14,832	15,249
Borrowings	(1,375)	(1,425)
Total	**26,929**	**28,641**
Cash and Other		
Cash	13,736	9,754
Current & Deferred Tax Liabilities	(13,812)	(9,859)
Surf Hardware International Consolidation Impact	(1,073)	415
Fair Value Impact of Sawtell Commons – Residential Subdivision	-	(380)
Other Assets & Liabilities	(6,611)	(20,991))
Total	**(7,760)**	**(21,061)**
Net Assets before tax on unrealised gains on equities, investment and freehold properties	**204,701**	**206,796**
Provision for tax on unrealised gains on equities, investment and freehold properties	**(13,365)**	**(15,672)**
Net Assets after tax on unrealised gains on equities, investment and freehold properties	**191,336**	**191,124**

HALF YEAR IN REVIEW

PACIFIC COAST SHOPPING CENTRE PORTFOLIO

Coffs Central

Since the completion of the $35 million refurbishment of the centre the continued priority has been on lease renewals and new leasing transactions in a challenging retail climate. Over the past six months two renewals have been executed, six renewals agreed that are in documentation phase, four renewals are under negotiation and agreed we have terms with two new National tenants coming to the centre.

The centre continues to present well with the project team looking at further upgrade works to the Air-Bridge linking the centre and the multi-deck car park. We are also preparing additional tenancies for a significant new leasing campaign over the coming 12- 18 months.

Gowings continue to evaluate the economic options of activating the DA approved additional 5 floors and rooftop development on the new building. A hotel, commercial or residential opportunities are all being considered. In addition, the potential to stratum this airspace is also being reviewed.

Coffs Central – After completion in 2018 of $35 million redevelopment and commercial office space on levels 3 & 4.

Port Central

The leasing remix strategy remains a priority in a challenging retail climate. The Gowings leasing team have been able to secure tenure on five key lease renewals under discussion & are in negotiation with a multi-tenancy Lessee for a further five renewals. In addition, three key national lessee renewals have been agreed and are in documentation phase. With the number of renewals completed the continued priority will be to further improve the tenancy mix and strengthen the retail offer.

Several refits are currently under construction including Williams, Tarocash & House which is expected to commence shortly. There is a continued focus on refurbishment works around the centre with an emphasis on food & beverage, ticketless parking and possible future redevelopment works.

In April 2019, Gowings received DA approval for the development land adjacent to Port Central-at 99 William Street with the ownership of the site now formally transferred from the vendor to Gowings. The arrangements pertaining to the site require Gowings to provide 150 public car spaces for community benefit and this development must be carried out within 5 years. Gowings continue to work with major retailers and stakeholders to investigate the opportunity to amalgamate this development site with the Port Central shopping centre.

Kempsey Central

Since the last Gowings update, we are pleased to announce Riverside Cinemas successfully opened on the 28th November 2019. The construction of the cinema took just over 12 months at a total cost of approximately $7 million of which $4 million was funding via the Federal Governments Stronger Regional Fund and Kempsey Shire Council (KSC).

Majestic Cinemas is the operator and has entered a 10-year lease taking their portfolio to eight cinemas. Since opening, the facility has been very well received from the community and customers alike. The fitout is state of the art and includes a total of 450 seats across four cinemas. The first three months of sales have been strong and exceeded all budgets and forecast expectations. In addition, there has been an increase in foot traffic throughout the centre and corresponding positive feedback from the centres existing retailers.

Kempsey Central – Cinema construction completed November 2019 and entrances to Cinema 3 and 4 with Slim Dusty Mural.

Moonee Market

The centre was purchased in April 2010 and received significant capital reinvestment during the following nine years of ownership including centre refurbishment works and a complete leasing re-mix. Further to the ASX announcement dated 1 November 2019, Gowings was pleased with the sale of Moonee Market. The sale price of $30.5 million representing a passing yield of 6.4%. The sale price exceeded the current book value and delivered an overall capital gain of $14.75m for shareholders.

Other Direct Properties

Sawtell Commons continues to excite with all eight lots of stage 1 of the residential sub-division settled in December 2019. Three of these lots are currently under construction with a further four starting construction shortly. These initial sales will become display homes with completion expected in August.

A major milestone was achieved when consent for 220 Lots was granted on 17th October 2019. In addition, a further consent was granted for construction of the main arterial road and Creek Crossing which is scheduled to commence during March 2020.

The release for stage 2 of Sawtell Commons is anticipated for April 2020 which will include 60 Lots. The onsite sales office is now open daily and a second sales suite in Coffs Central is currently under construction in anticipation for stage 2 release. A further opportunity is currently being explored to include a further 10 lots in stage 2 which are located adjacent the onsite sales office. Strong enquiries continue to be received by Gowings via our media platform including Coastbeat, shopping centre digital screens & local billboard media.

Sawtell Commons residential sub-division on site sales office together with aerial view of Stage 1.

Solitary 30 - The Jetty development site located at 357 Harbour Drive paves the way for an exciting new mixed-use development for Gowings. The project received conditional approval for demolition of the existing Forestry Building earlier in 2019. Part of this process was the extensive documentation of the history of the building via an Archival Recording and submission of an approved Interpretation Strategy which highlighted re-use opportunities for the original local hardwood contained therein.

DFJ Architects have presented several concepts for the site and are continuing to refine their final designs. Gowings have also worked closely with several demolition contractors to ensure the existing buildings on site are de-constructed enabling us to repurpose some of the historic and original timber elements of the Forestry Building. Commencement of the demolition is scheduled for April 2020.

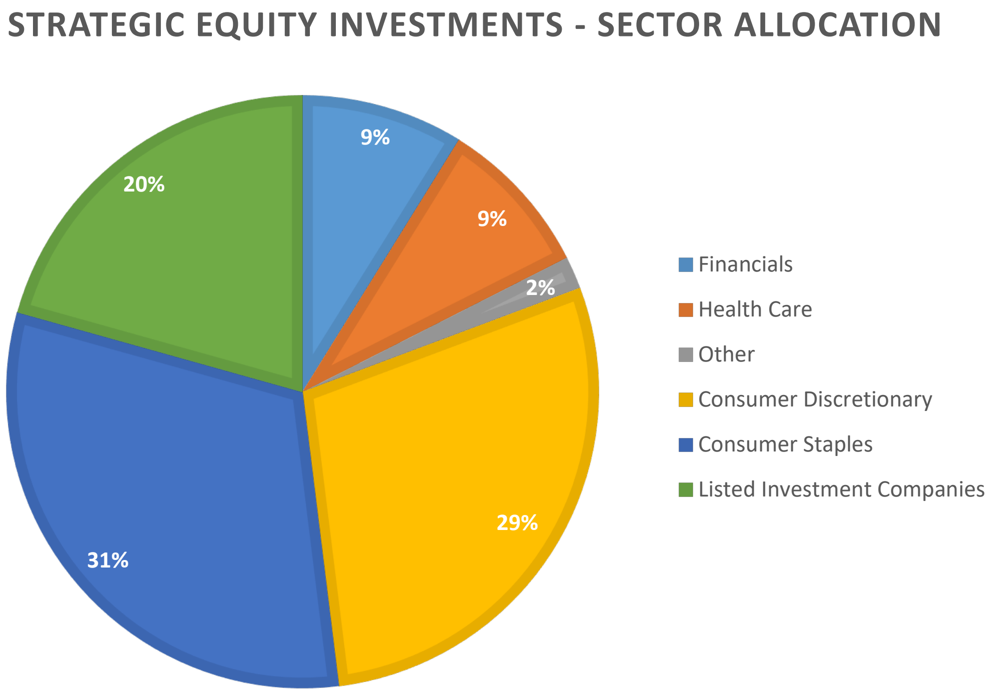
View from 'Solitary 30 at 357 Harbour Drive' development site

STRATEGIC EQUITY INVESTMENTS

The strategic equity investment portfolio grew to $61.8 million due to purchases of $3.7 million during the period in the following listed securities:

- ANZ
- Beacon Lighting
- BHP
- CBA
- Cochlear
- Coles
- CSL Limited
- GWA Group
- Iress
- Kogan
- Micro X LTD
- Moelis Australia
- NAB
- Praemium
- Resmed
- Tasfoods
- Washington H Soul Pattison
- Westfarmers
- Westpac
- Woodside

The total returns for these newly purchased stocks over the period was 5.16%, with the bulk of the purchases being made in early November. This led to dividends received for the period increasing by 29% compared to the prior corresponding period.



The Listed Investment Company holdings performed well with a total return of 4.5% during the period, with the highlights being a 13% total return in Diversified United Investments and an 11.2% return in Australian Foundation Investments.

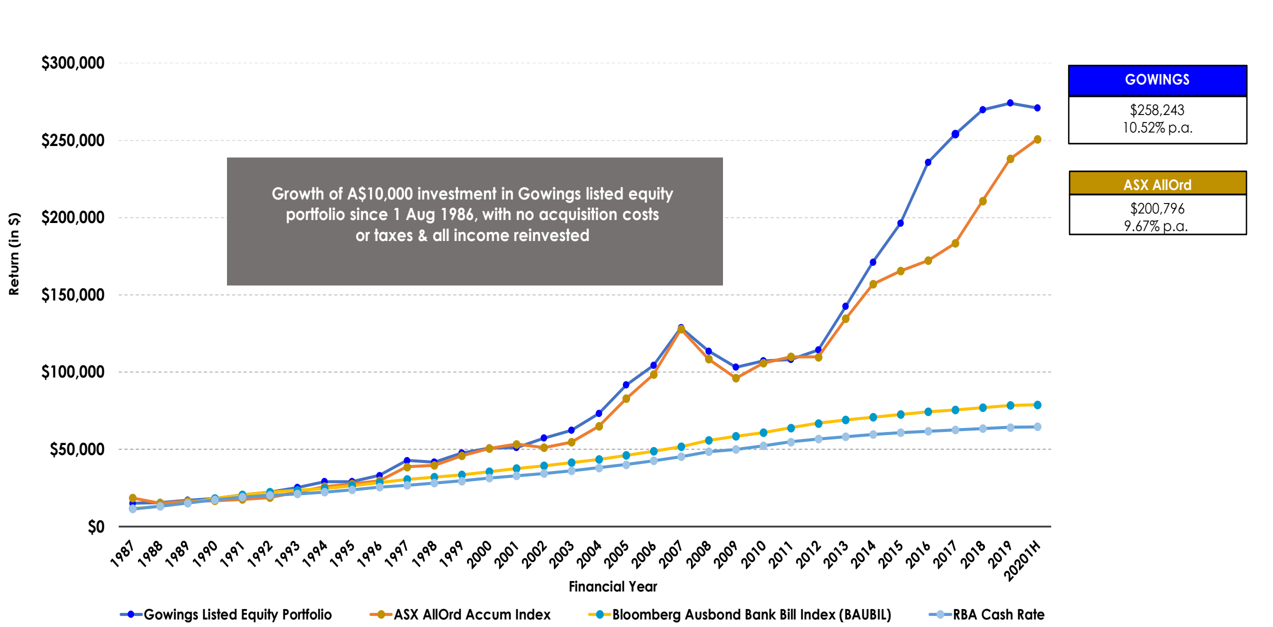
In the consumer staples sectors our investments were impacted by the drought, but the management of those investments adapted to secure new revenue streams in an effort to protect cashflows. At Murray Darling Food Company the team effectively had zero rainfall for the period but were still able to achieve 100% clearance at their October ram sale and they have also entered into a new 15 year agreement with the NSW Biodiversity Conservation Trust to conserve an area of 826 hectares for an annual yearly payment of $0.26 million. Subsequent to period end they have successfully sold the "Packwood" property which will settle towards the end of March and received 40mm of rainfall, which while not drought breaking will alleviate the need in the short term for hand-feeding of stock.

Gowings healthcare/biotech holdings in DiCE, Hexima and Blackfynn are progressing as expected and we continue to believe in their long-term investment thematic.

The overall performance of the strategic equity portfolio was a negative return (1.1%) for the period compared to the ASX All Ords return of 5.33%. This underperformance was due to a drag from two large portfolio positions in NSX and Phalla Pharma.

However, while the period performance was down Gowings has a history of strong results within its strategic equity portfolio and as highlighted in the graph below it has successfully outperformed the ASX over the last 30 years.

GROWTH RATE OF STRATEGIC EQUITY PORTFOLIO



Note: Includes Boundary Bend Limited, and Hexima Limited which was formerly listed on the ASX

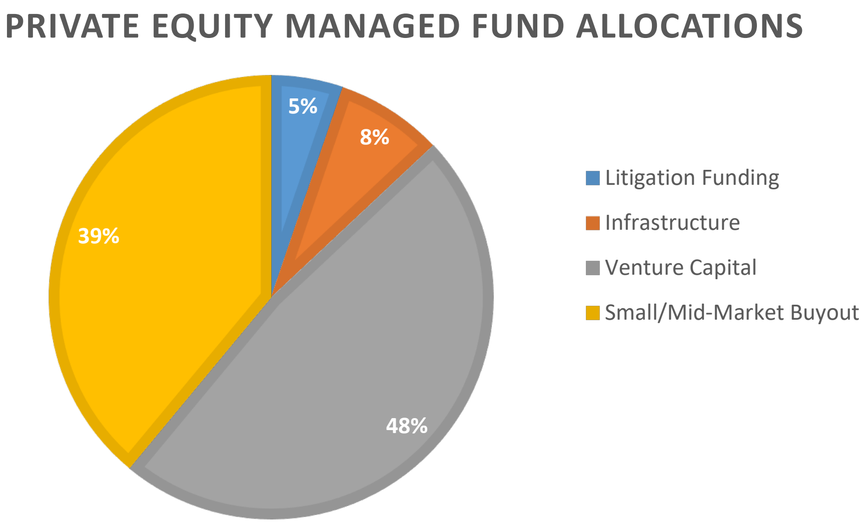
PRIVATE EQUITY MANAGED FUNDS

Gowings have invested in a number of funds which have a focus on innovation, investing in new and emerging disruptive businesses that are likely to provide high growth in the long term.

During the period Gowing's private equity managed funds performed well providing $0.6 million in income distributions from Macquarie European Infrastructure fund and $1.2 million in capital growth and returns, of which $0.6 million was realised with cash distributions from both Five V Capital and OurCrowd.

Five V Capital partially divested an investment in Probe, a business process outsourcing firm. This divestment delivered 2.6 times return on the investment. OurCrowd divested an investment in Wave, a Canadian based company that provides financial services for small business, which also delivered 1.8 times return on the investment.

At 31 January 2020 the overall value of the investment in private equity managed funds was $5.3 million which is allocated into the following categories:



OUTLOOK AND GROWTH

From reading this report investors can see that Gowings had a successful half year period. Moonee Market was sold for above value book value, Sawtell Commons stage 1 sales together with a strong result in our private equity managed fund portfolio were a welcome boost to earnings, and the successful completion of the cinema at Kempsey Central has improved the offer at the centre.

We are confident that the remaining projects and properties in our portfolio will secure the long-term success of Gowings and deliver strong returns for investors.

However, as we write the Covid-19 (Wuhan) virus is dramatically affecting the world and business climate. We, like the rest of the global business community are navigating the ever changing challenges that the virus is presents.

We have put processes in place to deal with the impacts of the virus at the frontline in our shopping centres and supply chains.

We are yet to determine the financial impacts for the second half and the full year results. We will continue to work on improving the performance and realising the potential of all our investments whilst also prioritising the wellbeing and safety of our staff and their families, customers and suppliers during this uncertain time. Further details are disclosed in Note 16 of the interim financial statements.

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 31.

Dated this 26th day of March 2020 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 2020

	Notes	31 Jan 2020	31 Jan 2019
		$'000	$'000
Revenue			
Interest income		113	89
Equities		367	285
Private equities		563	23
Investment properties		10,368	10,392
Development Properties		2,277	-
Sale of goods (Surf Hardware International)		19,453	18,869
Total revenue		**33,141**	**29,658**
Other Income			
Gains (losses) on disposal or revaluation of:			
- Private equities		1,217	547
- Investment properties		2,142	(4,609)
- Derivatives		35	(939)
- Other		313	295
Total revenue and other income		**36,848**	**24,952**
Expenses			
Investment properties		4,199	4,391
Development properties		1,541	-
Finished goods, raw materials and other operating costs (Surf Hardware International)		19,877	19,154
Administration		988	561
Borrowing costs		2,496	2,505
Depreciation and amortisation		785	291
Employee benefits		1,042	1,206
Public company		209	227
Total expenses		**31,137**	**28,335**
Profit (loss) before income tax		**5,711**	**(3,383)**
Income tax (expense) benefit	3	(2,054)	775
Profit (loss) from continuing operations		**3,657**	**(2,608)**
Profit (loss) from continuing operations is attributable to:			
Members of Gowings Bros. Limited		3,659	(2,607)
Non-controlling interests		(2)	(1)
Profit (loss) from continuing operations		**3,657**	**(2,608)**

The consolidated statement of profit or loss should be read in conjunction with the notes as set out on pages 18 to 29.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 JANUARY 2020

	Notes	31 Jan 2020	31 Jan 2019
		$'000	$'000
Profit (Loss) from continuing operations		**3,657**	**(2,608)**
Other Comprehensive Income (Loss)			
Items that will be reclassified to profit or loss:			
Exchange differences on translation of foreign operations, net of tax		59	49
Items that will not be reclassified to profit or loss:			
Changes in fair value of equity instruments at fair value through other comprehensive income, net of tax		(574)	(1,304)
Total Comprehensive Income (Loss)		**3,142**	**(3,863)**
Total comprehensive income (loss) attributable to:			
Members of Gowing Bros. Limited		3,144	(3,862)
Non-controlling interests		(2)	(1)
Total Comprehensive Income (Loss)		**3,142**	**(3,863)**
Basic and diluted earnings (Loss) per share	8	**6.8c**	**(4.9)c**

The consolidated statement of comprehensive income should be read in conjunction with the notes as set out on pages 18 to 29.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 JANUARY 2020

	Note	31 Jan 2020	31 Jul 2019
		$'000	$'000
Current Assets			
Cash and cash equivalents		14,737	11,314
Loans receivable		89	89
Trade and other receivables		9,147	6,538
Inventories		6,944	8,885
Current tax receivable		-	84
Other		1,055	1,750
Total Current Assets		**31,972**	**28,660**
Non-Current Assets			
Trade and other receivables		63	480
Loans receivable		2,400	2,400
Equities		43,416	40,021
Private equities		5,327	4,907
Development properties		15,429	16,164
Investment properties	4	204,475	232,016
Property plant and equipment		8,984	8,778
Right of Use Assets		2,921	-
Deferred tax assets		2,907	3,406
Intangibles		4,271	4,536
Other		1,932	1,800
Total Non-Current Assets		**292,125**	**314,508**
Total Assets		**324,097**	**343,168**
Current Liabilities			
Trade and other payables		6,314	7,370
Borrowings	5	2,995	2,453
Lease liabilities		620	-
Derivatives		1,141	895
Current tax liabilities		5,487	-
Provisions		1,268	1,330
Total Current Liabilities		**17,825**	**12,048**
Non-Current Liabilities			
Trade and other payables		200	222
Borrowings	5	84,469	107,073
Lease liabilities		2,310	-
Derivatives		2,851	3,132
Provisions		509	547
Deferred tax liabilities		24,597	29,022
Total Non-Current Liabilities		**114,936**	**139,996**
Total Liabilities		**132,761**	**152,044**
Net Assets		**191,336**	**191,124**
Equity			
Contributed equity		13,055	13,288
Reserves	6	100,281	100,796
Retained profits	7	78,004	77,042
Contributed equity & reserves attributable to members of Gowing Bros. Ltd		**191,340**	**191,126**
Non-controlling interests		(4)	(2)
Total equity		**191,336**	**191,124**

The consolidated statement of financial position should be read in conjunction with the notes as set out on pages 18 to 29.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 JANUARY 2020

	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 2018	12,476	90,503	140	11,313	101,535	(2)	215,965
Total comprehensive income (loss) for the half-year	-	-	49	(1,304)	(2,607)	(1)	(3,863)
Transfer of gains on disposal of equity instruments at fair value through comprehensive income to retained earnings, net of tax	-	-	-	(672)	672	-	-
Transactions with owners in their capacity as owners:							
- Issue of ordinary shares	439	-	-	-	-	-	439
- Dividends paid	-	-	-	-	(3,218)	-	(3,218)
Balance at 31 January 2019	**12,915**	**90,503**	**189**	**9,337**	**96,382**	**(3)**	**209,323**
Balance at 1 August 2019	13,288	90,503	394	9,899	77,042	(2)	191,124
Total comprehensive income for the half-year	-	-	59	(574)	3,659	(2)	3,142
Transactions with owners in their capacity as owners:							
- Share buy back	(233)	-	-	-	-	-	(233)
- Dividends paid	-	-	-	-	(2,697)	-	(2,697)
Balance at 31 January 2020	**13,055**	**90,503**	**453**	**9,325**	**78,004**	**(4)**	**191,336**

The consolidated statement of changes in equity should be read in conjunction with the notes as set out on pages 18 to 29.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 JANUARY 2020

	31 Jan 2020	31 Jan 2019
	$'000	$'000
Cash Flows from Operating Activities		
Receipts in the course of operations (inclusive of GST)	35,823	33,950
Payments to suppliers and employees (inclusive of GST)	(29,684)	(29,179)
Dividends received	367	285
Interest received	113	53
Borrowing costs	(2,495)	(2,505)
Income taxes paid	-	(359)
Net Cash inflow from Operating Activities	4,124	2,245
Cash Flows from Investing Activities		
Payments for purchases of property, plant and equipment	(480)	(584)
Payments for purchases of intangibles	-	(96)
Payments for purchases of equity investments	(4,395)	(2,063)
Payments for purchases of investment properties	(2,765)	(3,031)
Payments for purchases of development properties	(1,116)	(283)
Payments for loans made	-	(789)
Proceeds from sale of equity investments	-	3,567
Proceeds from sale of financial assets	978	-
Proceeds from sale of investment properties	30,252	1,822
Proceeds from sale of development properties	2,277	-
Net Cash inflow/(outflow) from Investing Activities	24,751	(1,457)
Cash Flows from Financing Activities		
Payment for share buy backs	(233)	-
Repayment of borrowings	(28,486)	(107)
Proceeds from borrowings	6,424	17,887
Repayment of lease liability	(460)	-
Dividends paid	(2,697)	(2,779)
Net Cash (outflow)/inflow from Financing Activities	(25,452)	15,001
Net increase in Cash Held	**3,423**	**15,789**
Cash and cash equivalents at the beginning of the half-year	11,314	5,294
Cash and cash equivalents at the end of the half-year	**14,737**	**21,083**

The consolidated statement of cash flows should be read in conjunction with the notes as set out on pages 18 to 29.

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 2019 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 (financial instruments at fair value through comprehensive income), 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.

Comparative information has been reclassified where appropriate to enhance comparability.

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 2019, except for changes relating to of new, revised or amending Accounting Standards and Interpretations adopted during the half-year. The new accounting policies are stated below.

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

New, revised or amending Accounting Standards and Interpretations adopted
The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The following new Accounting Standard adopted during the year was most relevant to the Group:

AASB 16 Leases ("AASB 16")
The Group has adopted AASB 16 from 1 August 2019 which replaces AASB 117 Leases ("AASB 117"). AASB 16 has been applied using the modified retrospective approach and comparative information has not been restated, as permitted under the specific transition provisions in the standard.

The adoption of AASB 16 has resulted in the Group recognising right-of-use assets and related lease liabilities in connection with all former leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application. Operating lease expense is also no longer recognised for these operating leases and is now replaced by interest and depreciation expense in the statement of profit or loss and other comprehensive income. For classification within the statement of cash flows, the interest portion is disclosed in operating activities as finance costs paid and the principal portion of the lease payments are separately disclosed in financing activities, as repayment of lease liabilities.

On adoption, lease liabilities were measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as at 1 August 2019. The weighted average incremental borrowing rate that applied to the lease liabilities on 1 August 2019 was 6%.

The Group also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of adoption.

The following practical expedients permitted by AASB 16 were applied by the Group on adoption:

The Group accounted for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases; the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics; and the Group relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of the date of initial application. Instead, for contracts entered into before the transition date the Group has relied on its assessment made applying AASB 117 and Interpretation 4 Determining whether an Arrangement contains a Lease.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

(i) Measurement of lease liabilities

The following is a reconciliation of total operating lease commitments at 31 July 2019 to the total lease liabilities recognised at 1 August 2019:

	$'000
Operating lease commitments as at 31 July 2019	4,047
Short-term leases and leases of low-value assets not recognised as a liability	(307)
Other minor adjustments relating to commitment disclosures	60
Operating lease liabilities before discounting	3,800
Discounted using incremental borrowing rate	(405)
Total lease liabilities recognised under AASB 16 at 1 August 2019	**3,395**

(ii) Adjustments recognised in the statement of financial position on 1 August 2019

Adjustments recognised as a result of the adoption of AASB 16 affected the following items in the statement of financial position on 1 August 2019:

- Lease liabilities (current & non-current) – increase by $3,395,000
- Right-of-use assets (non-current) – increase by $3,438,000
- Prepayments (current) – decrease by $43,000

The net impact on retained earnings on 1 August 2019 was $nil.

Other amending Accounting Standards and Interpretations

Several other amending Accounting Standards and Interpretations apply for the first time for the current reporting period commencing 1 August 2019. These other amending Accounting Standards and Interpretations did not result in any adjustments to the amounts recognised or disclosures in the interim financial report.

Rounding of amounts

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.

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 2020	31 Jan 2019
	$'000	$'000
Segment revenue		
Cash and fixed interest – interest received	113	89
Equities – dividends and options income received	367	285
Private equities – distributions received	563	23
Investment properties – rent received	10,368	10,392
Development properties – land development sales	2,277	-
Surf Hardware International business – sale of goods	19,453	18,869
Total segment revenue	33,141	29,658
Segment other income		
Private equities – unrealised fair value/ realised gains/(losses)	1,217	547
Investment properties – unrealised fair value/realised gains/(losses)	2,142	(4,609)
Other	348	(644)
Total other income (loss)	3,707	(4,706)
Total segment revenue and other income	**36,848**	**24,952**
Segment result		
Cash and fixed interest	113	89
Equities	367	285
Private equities	1,780	570
Investment properties	6,361	(1,019)
Development properties	736	-
Surf Hardware International business	(928)	(202)
Other	(2,718)	(3,106)
Total segment result	5,711	(3,383)
Income tax benefit (expense)	(2,054)	775
Net profit (loss) after tax	**3,657**	**(2,608)**

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, Development Properties and Surf Hardware International business segments.

For the period ended	31 Jan 2020	31 Jan 2019
	$'000	$'000
Australia	19,020	17,168
United States of America	5,967	5,687
Japan	3,016	2,661
Europe	4,095	3,745
Total revenue from external customers	32,098	29,261

As at	31 Jan 2020	31 Jul 2019
	$'000	$'000
Segment assets		
Cash and fixed interest	14,737	11,314
Equities	43,416	40,021
Private equities	5,327	4,907
Investment properties	204,475	232,016
Development properties	15,429	16,164
Surf Hardware International business	21,576	17,944
Unallocated assets	19,137	20,802
Total assets	324,097	343,168
Segment liabilities		
Investment properties	81,550	91,170
Surf Hardware International business	9,561	5,471
Unallocated liabilities	41,650	55,403
Total liabilities	132,761	152,044
Non-current assets by geographical region		
Australia	282,024	307,015
United States of America	9,272	7,116
Japan	638	202
Europe	191	175
Total non-current assets	292,125	314,508

NOTES TO THE INTERIM FINANCIAL STATEMENTS

3. INCOME TAX

	31 Jan 2020	31 Jan 2019
	$'000	$'000
Prima facie tax expense (benefit) on the net profit (loss) at 30% (2019: 30%)	1,713	(1,015)
Tax effect of:		
(Over)/Under provision prior year	(1,019)	-
Deferred tax asset not recognised	432	270
Non-deductible expenses / assessable income	1,030	27
Franked dividends	(102)	(57)
Income tax expense (benefit)	2,054	(775)

4. NON-CURRENT INVESTMENT PROPERTIES

	31 Jan 2020	31 Jul 2019
	$'000	$'000
Land and buildings – at fair value	204,475	232,016
At fair value		
Balance at beginning of period	232,016	256,678
Additions	1,672	6,491
Disposal (proceeds)	(30,752)	(1,831)
Net gain/(loss) on disposal	2,134	410
Transfers in/out	-	64
Amortisation on incentives	(603)	(1,342)
Net gain/(loss) from fair value adjustment	8	(28,454)
Balance at end of period	204,475	232,016

	31 Jan 2020	31 Jan 2019
	$'000	$'000
Amounts recognised in profit or loss for investment purposes		
Rental revenue	10,368	10,392
Direct operating expenses from rental generating properties	(4,199)	(4,391)
Direct finance expenses from rental generating properties	(1,950)	(2,411)
Realised Gains on Investment properties	2,134	-
Gain/(loss) on revaluation	8	(4,609)
Total	6,361	(1,019)

NOTES TO THE INTERIM FINANCIAL STATEMENTS

4. NON-CURRENT INVESTMENT PROPERTIES (CONTINUED)

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

	Valuation Method	Weighted average cap Rate	31 Jan 2020	31 Jul 2019
			$'000	$'000
Sub-regional Shopping Centres (Coffs Central and Port Central)	(a)	6.75%	178,635	177,991
Neighbourhood Shopping Centres (Kempsey Central)	(a)	8.0%	19,929	47,640
Other Properties	(b)		5,911	6,385
Total			204,475	232,016

(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.

Where a property is under development, the investment property fair value is based on the fair value of the property "as if complete" less the estimated costs to complete. Development risks (such as construction and letting risks) are taken into consideration when determining fair value of investment property.

(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 2020, a reduction of 0.5% in the capitalisation rate applied to each property would result in an additional gain of $16.1 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 $13.9 million in the consolidated statement of profit or loss and consolidated statement of comprehensive income.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

5. BORROWINGS

	31 Jan 2020	31 Jul 2019
	$'000	$'000
CURRENT		
Bill Payable – secured	1,375	1,425
Market rate loan – secured	336	336
Commercial advance facility – secured	1,284	692
	2,995	2,453
NON -CURRENT		
Bill Payable - secured	84,309	106,745
Commercial advance facility – secured	160	328
	84,469	107,073

During the period the $84.309 million bill payable (July 2019: $106.745 million bill payable) was varied. The line fee on the first tranche non-revolving facility was varied to 1.62%p.a. (July 2019: 2.35% p.a.) and interest charged on the outstanding principal of the first tranche non-revolving facility was varied to BBSY plus 0.70%p.a. (July 2019: BBSY plus 0.0%p.a.). The line fee on the second tranche revolving facility was also varied to 1.62% p.a. (July 2019: 1.65%p.a.). As a result of the sale of Moonee Market Place Shopping Centre during the period, the bill payable at 31 January 2020 is no longer secured against the Moonee Market Shopping Centre and remains secured against Port Central Shopping Centre, Coffs Central Shopping Centre and Kempsey Central Shopping Centre.

6. RESERVES

	31 Jan 2020	31 Jul 2019
	$'000	$'000
Capital profits reserve – pre CGT profits	90,503	90,503
Foreign currency translation reserve	453	394
Asset revaluation reserve	1,591	1,591
Investment revaluation reserve – equities	7,734	8,308
Total Reserves	100,281	100,796

NOTES TO THE INTERIM FINANCIAL STATEMENTS

7. RETAINED PROFITS

	31 Jan 2020	31 Jul 2019
	$'000	$'000
Retained profits at the beginning of the financial period	77,042	101,535
Net profit (loss) attributable to members of Gowing Bros. Limited	3,659	(19,403)
Transfer Realised Gain on equity sales net of tax	-	818
Dividends provided for or paid	(2,697)	(5,908)
Retained Profits at end of the financial period	78,004	77,042

8. EARNINGS PER SHARE (EPS)

	31 Jan 2020	31 Jan 2019
	$'000	$'000
Earnings reconciliation:		
Basic and diluted earnings (Net profit) – Members of Gowing Bros. Ltd	3,659	(2,607)
	Total No.	Total No.
Weighted average number of ordinary shares on issue used in the calculation of basic and diluted earnings per share.	53,887,819	53,701,233
Basic and diluted earnings per share	6.8c	(4.9)c

At balance date there were no options on issue.

9. NET TANGIBLE ASSET BACKING

	31 Jan 2020	31 Jul 2019
NTA per ordinary share after allowing for tax on unrealised capital gains*	$3.47	$3.46
NTA per ordinary share before allowing for tax on unrealised capital gains*	$3.72	$3.75

***** Unrealised capital gains compromise of unrealised capital gains on equities, investment properties and freehold property

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.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

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.

The following tables present the Group's assets and liabilities measured and recognised on a recurring basis at fair value at 31 January 2020 and 31 July 2019.

31 January 2020	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Financial assets designed at fair value through other comprehensive income				
Investments – Australian equities	20,146	-	18,365	38,511
Investments – Global equities	-	-	4,905	4,905
Financial assets designated at fair value through profit or loss				
Investments – private equities	-	-	5,327	5,327
Investments – properties	-	-	204,475	204,475
Other assets – designated at fair value				
Freehold - properties	-	-	7,084	7,084
Financial liabilities – designated at fair value through profit or loss				
Derivatives	-	(3,992)	-	(3,992)
Total net financial assets and financial liabilities	20,146	(3,992)	240,156	256,310

31 July 2019	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Financial assets designated at fair value through other comprehensive income				
Investments – Australian equities	17,257	-	18,297	35,554
Investments – global equities	-	-	4,467	4,467
Financial assets designated at fair value through profit or loss				
Investments – private equities	-	-	4,907	4,907
Investments – investment properties	-	-	232,016	232,016
Other assets – designated at fair value				
Freehold - properties	-	-	7,105	7,105
Financial liabilities – designated at fair value through profit or loss				
Derivatives	-	(4,027)	-	(4,027)
Total net financial assets and financial liabilities	17,257	(4,027)	266,792	280,022

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

NOTES TO THE INTERIM FINANCIAL STATEMENTS

10. FAIR VALUE (CONTINUED)

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.

(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 2020:

	Unlisted Equities	Global Equities	Private Equities	Freehold Properties	Investment Properties	31 Jan 2020
	$'000	$'000	$'000	$'000	$'000	$'000
Opening balance 1 August 2019	18,297	4,467	4,907	7,105	232,016	266,792
Transfer (to)/from level 1						
Total gains and (loss) recognised in profit and loss - unrealised	-	-	613	-	8	621
Total gains and (loss) recognised in profit and loss - realised	-	-	604	-	2,134	2,738
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	68	438	181	(21)	1,069	1,735
Sales proceeds	-	-	(978)	-	(30,752)	(31,730)
Closing balance 31 January 2020	18,365	4,905	5,327	7,084	204,475	240,156

11. DIVIDENDS

	Cents per Share	Total	Date
The following dividends were paid by the company:		$'000	
Final dividend 31 July 2019	5.0c	(2,697)	31 Oct 2019
Since the end of the period, the directors resolved to pay the following dividend			
Interim dividend 31 January 2020	5.0c	(2,690)	23 April 2020

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

The financial effect of the dividend resolved to be paid subsequent to reporting date has not been brought to account in the financial statements for the half year ended 31 January 2020 and will be recognised in subsequent financial reports.

The Dividend Reinvestment Plan has been suspended for the interim dividend declared since the end of the period.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

12. 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-20	31-Jul-19	31-Jan-20	31-Jan-19
	%	%	$'000	$'000
Regional Retail Properties	50	50	74	68
Total	**50**	**50**	**74**	**68**

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

	TOTAL NO.
Ordinary Securities:	
Opening Balance	53,939,195
22 Oct 2019 – Share buy back	(73,200)
18 Nov 2019 – Share buy back	(10,000)
26 Nov 2019 – Share buy back	(20,000)
Closing Balance	53,835,995

14. 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 ($9.1 million) to fully frank all dividends that have been declared.

15. COMMITMENTS FOR EXPENDITURE

Capital commitments

The Group has uncalled capital commitments of up to $1.0 million in relation to private equity investments held at period end.

16. SUBSEQUENT EVENTS

After the end of the period, COVID-19 has been declared a pandemic by the World Health Organisation and has had a significant impact on domestic and global markets and economies. The Directors are managing and monitoring the Group's investments and operations closely in response to COVID-19 which continues to evolve on a daily basis.

At the date of these interim financial statements, other than the Group's listed equities which have declined in fair value from $20.146 million at 31 January 2020 to $13.126 million as at market close on 25 March 2020, the extent of the impact COVID-19 may have on the Group's future financial performance and position is currently not known given the degree of uncertainty in the current climate.

Other than current and potential impacts of COVID-19 detailed above and the dividend declared since the end of the period included in Note 11, no other matters or circumstances have arisen which have significantly affected, or may significant affect, the operations of the Group, the results of those operations or the state of affairs of the Group in future financial periods.

DIRECTORS' DECLARATION

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

1. the financial statements and notes set out on pages 13 to 29 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 2020 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

26 March 2020

Auditor's Independence Declaration

To the Directors of Gowing Bros. Limited:

As lead auditor for the review of the consolidated half-year financial report of Gowing Bros. Limited for the half-year ended 31 January 2020, 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
26 March 2020

A G Smith
Partner

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 2020, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, 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.

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 2020 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*.

Emphasis of Matter – Current and Possible Effects and Uncertainties of COVID-19

We draw attention to Note 16 to half-year financial report, which describes the current and possible effects and uncertainties on the consolidated entity arising from the on-going issues associated with COVID-19. Our conclusion is not modified in respect of this matter.

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 half-year 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 at 31 January 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

HLB Mann Judd
Chartered Accountants

A G Smith
Partner

Sydney, NSW
26 March 2020