



G O W I N G   B R O S

Investing together for a secure future

## APPENDIX 4D STATEMENT

**For the Half Year Ended 31 January 2011**

### Contents

- **Results for announcement to the market**
- **Appendix 4D accounts**
- **Auditor's Independence declaration**
- **Independent Auditors' Review report**



The reporting period is the half year ended 31 January 2011 with the previous corresponding period being the half year ended 31 January 2010. The results have been reviewed by the company's auditors.

## Results for Announcement to the Market

- Gowings' net assets per share as at 31 January 2011 increased 3.6% to \$3.15 before allowing for tax on unrealised capital gains. If the company were to sell its entire long term investment portfolio, its net assets per share after tax paid would be \$3.09 per share.
- Revenues increased by 151% to \$8.7 million from \$3.5 million in the prior corresponding period following a full 6 month contribution from the newly acquired shopping centres.
- First half recurring earnings increased 196% to \$4.3 million from \$1.5 million in the prior corresponding period.
- Net profit after tax and net profit attributable to members increased 26.3% to \$3.9 million from \$3.1 million in the prior corresponding period.
- Comprehensive income decreased by 8.1% to \$5.1 million from \$5.5 million in the prior period due to realised and unrealised gains or losses in non-recurring income.
- The Directors have resolved to declare a fully franked ordinary interim dividend of 5.5c (2010: 5.0c), a 10% increase on the prior period. The decision to increase the dividend was based on the strong underlying income of the operating business.
- The 5.5c fully franked ordinary dividend has a record date of 7 April 2011 payable on 21 April 2011.



GOWING BROS

Investing together for a secure future

## Interim Financial Report

### Directors' Report

#### DIRECTORS

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

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

#### REVIEW OF OPERATIONS

Refer to the Half Year Update – 31 January 2011.

#### ROUNDING OFF

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

#### AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration given to the Directors by the lead auditor for the review undertaken by HLB Mann Judd is included in page 15.

Dated at Sydney this 18th day of March 2011 in accordance with a resolution of the directors.

J. E. Gowing  
Managing Director



## Interim Financial Report

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE SIX MONTH PERIOD ENDED 31 JANUARY 2011

	Notes	31 January 2011 \$000	31 January 2010 \$000
<b>Revenue</b>			
Interest income		683	987
Listed Australian and global equities		1,496	1,048
Private equities		88	287
Investment properties		6,457	1,150
<b>Total Revenue</b>		<b>8,724</b>	<b>3,472</b>
<b>Other Income</b>			
Gains (losses) on disposal or revaluation of:			
- Listed Australian and global equities		(547)	3,970
- Private equities		1,041	642
- Investment properties		1,360	(186)
- Development properties		(617)	155
FX gains (losses)		(515)	156
Other income		20	2
<b>Total Revenue and Income</b>		<b>9,466</b>	<b>8,211</b>
<b>Expenses</b>			
Investment property expenses		1,909	355
Development property expenses		10	19
Administration expenses		137	115
Borrowing cost expenses		1,384	680
Depreciation expenses		44	39
Employee benefits expenses		755	650
Public company expenses		151	151
<b>Total Expenses</b>		<b>4,390</b>	<b>2,009</b>
<b>Profit from continuing operations before impairment &amp; income tax expense</b>		<b>5,076</b>	<b>6,202</b>
Unrealised Impairment Listed Equities		-	(2,437)
<b>Profit before income tax expense</b>		<b>5,076</b>	<b>3,765</b>
Income Tax (expense)	3	(1,099)	(616)
<b>Profit from continuing operations</b>	2	<b>3,977</b>	<b>3,149</b>
<b>Other Comprehensive Income</b>			
Net increase/(decrease) in fair value of investments net of tax		1,098	2,371
<b>Total Comprehensive Income</b>		<b>5,075</b>	<b>5,520</b>
<b>Basic earnings per share</b>	7	<b>8c</b>	<b>7c</b>

The statement of comprehensive income should be read in conjunction with the notes as set out on pages 8 to 13.



## Interim Financial Report

**BALANCE SHEET**

AS AT 31 JANUARY 2011

	Notes	31 January 2011 \$000	31 July 2010 \$000
<b>Current Assets</b>			
Cash and cash equivalents		25,186	30,882
Investment properties		1,554	1,554
Trade and other receivables		544	155
Other		764	718
<b>Total Current Assets</b>		<b>28,048</b>	<b>33,309</b>
<b>Non-Current Assets</b>			
Receivables		11	12
Listed equities		44,803	37,349
Private equities		14,569	16,132
Development properties		2,354	1,978
Investment properties	4	95,764	94,359
Property plant & equipment		3,312	3,322
Deferred tax assets		7,489	6,480
Other		331	331
<b>Total Non-Current Assets</b>		<b>168,633</b>	<b>159,963</b>
<b>Total Assets</b>		<b>196,681</b>	<b>193,272</b>
<b>Current Liabilities</b>			
Trade and other payables		1,253	1,103
Financial liabilities		127	-
Borrowings		5	10
Current tax liabilities		1,107	1,768
Provisions		69	205
<b>Total Current Liabilities</b>		<b>2,561</b>	<b>3,086</b>
<b>Non-Current Liabilities</b>			
Payables		62	62
Borrowings		35,345	35,370
Provisions		158	244
Deferred tax liabilities		4,253	2,788
<b>Total Non-Current Liabilities</b>		<b>39,818</b>	<b>38,464</b>
<b>Total Liabilities</b>		<b>42,379</b>	<b>41,550</b>
<b>Net Assets</b>		<b>154,302</b>	<b>151,722</b>
<b>Equity</b>			
Issued capital		15,294	15,294
Reserves	5	97,008	95,910
Retained profits	6	42,000	40,518
<b>Total Equity</b>		<b>154,302</b>	<b>151,722</b>

The balance sheet should be read in conjunction with the notes as set out on pages 8 to 13.



## Interim Financial Report

## STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTH PERIOD ENDED 31 JANUARY 2011

	Contributed Equity \$'000	Capital Profits Reserve- Pre CGT Profits \$'000	Investment Revaluation Reserve- Listed Equities \$'000	Retained Earnings \$'000	Total \$'000
<b>Balance at 1 August 2009</b>	<b>(895)</b>	<b>90,503</b>	<b>5,136</b>	<b>40,696</b>	<b>135,440</b>
<b>Total comprehensive income for the half year</b>	-	-	2,371	3,149	5,520
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	16,189	-	-	-	16,189
Dividends paid	-	-	-	(4,259)	(4,259)
	16,189			(4,259)	11,930
<b>Balance at 31 January 2010</b>	<b>15,294</b>	<b>90,503</b>	<b>7,507</b>	<b>39,586</b>	<b>152,890</b>
<b>Balance at 1 August 2010</b>	<b>15,294</b>	<b>90,503</b>	<b>5,407</b>	<b>40,518</b>	<b>151,722</b>
<b>Total comprehensive income for the half year</b>	-	-	1,098	3,977	5,075
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs	-	-	-	-	-
Dividends paid	-	-	-	(2,495)	(2,495)
	-	-	-	(2,495)	(2,495)
<b>Balance at 31 January 2011</b>	<b>15,294</b>	<b>90,503</b>	<b>6,505</b>	<b>42,000</b>	<b>154,302</b>

The statement of changes in equity should be read in conjunction with the notes as set out on pages 8 to 13.



## Interim Financial Report

## STATEMENT OF CASH FLOWS

FOR THE SIX MONTH PERIOD ENDED 31 JANUARY 2011

	31 January 2011	31 January 2010
	\$'000	\$'000
<b>Cash Flows from Operating Activities</b>		
Receipts in the course of operations (inclusive of GST)	6,649	1,708
Payments to suppliers and employees (inclusive of GST)	(4,261)	(496)
Dividends received	1,584	1,040
Interest received	751	1,784
Borrowing costs	(1,342)	(680)
Income taxes paid	(1,775)	(3,740)
<b>Net Cash inflow/(outflow) from Operating Activities</b>	<b>1,606</b>	<b>(384)</b>
<b>Cash Flows from Investing Activities</b>		
Payments for purchases of property, plant and equipment	(34)	(3)
Payments for purchases of equity investments	(12,443)	(40,567)
Payments for purchase of property	(1,423)	(60,950)
Proceeds from sale of equity investments	8,741	90,310
Proceeds from sale of property & other assets	384	2,568
<b>Net Cash outflow from Investing Activities</b>	<b>(4,775)</b>	<b>(8,642)</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from borrowings	-	26,000
Proceeds from shares issued	-	14,061
Repayment of borrowings	(32)	(980)
Dividends paid	(2,495)	(2,131)
<b>Net Cash inflow/(outflow) from Financing Activities</b>	<b>(2,527)</b>	<b>36,950</b>
<b>Net increase (decrease) in Cash Held</b>	<b>(5,696)</b>	<b>27,924</b>
Cash at the beginning of the period	30,882	6,808
<b>Cash at the end of the period</b>	<b>25,186</b>	<b>34,732</b>
<b>Reconciliation of Cash</b>		
Cash at bank and on hand	25,186	34,732
<b>Cash at the end of the period</b>	<b>25,186</b>	<b>34,732</b>

The cash flow statement should be read in conjunction with the notes as set out on pages 8 to 13.



## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the annual financial report of the company as at and for the year ended 31 July 2010. Comparative information has been reclassified where appropriate to enhance comparability.

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

The preparation of an interim financial report requires conformity with AIFRS in the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the entity's accounting policies. These estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgments 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.





## NOTES TO THE INTERIM FINANCIAL STATEMENTS

	31 January 2011	31 January 2010
	\$'000	\$'000

**2. SEGMENT INFORMATION****Business segments**

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

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

The company operates only in Australia.

**Segment revenue**

Cash and fixed interest – interest received	683	987
Listed equities – dividends and option income	1,496	1,048
Private equities – distributions received	88	287
Investment properties – rent received	6,457	1,150
<b>Total segment revenue</b>	<b>8,724</b>	<b>3,472</b>

**Segment other income**

Listed equities – realised gains(losses) on disposal	(547)	3,970
Private equities – unrealised fair value gain/(loss)	1,041	642
Unrealised investment property gain/(loss)	1,360	(175)
Unrealised development property loss	(750)	-
Realised investment property loss	-	(11)
Realised development property gains	133	155
Other income	(495)	158
<b>Total other income</b>	<b>742</b>	<b>4,739</b>
<b>Total segment revenue and other income</b>	<b>9,466</b>	<b>8,211</b>

**Segment result**

Cash and fixed interest	683	987
Listed equities	949	2,581
Private equities	1,129	890
Investment properties	3,778	(17)
Development properties	123	123
Other	(1,586)	(799)
	5,076	3,765
Income tax expense (credit)	1,099	616
<b>Net profit</b>	<b>3,977</b>	<b>3,149</b>



## NOTES TO THE INTERIM FINANCIAL STATEMENTS

	31 January 2011	31 July 2010
	\$'000	\$'000

### 2. SEGMENT INFORMATION (CONTINUED)

#### Segment assets

Cash and fixed interest	25,725	31,090
Listed equities	44,803	37,349
Private equities	14,569	16,132
Investment properties	97,318	95,913
Development properties	2,360	1,984
Unallocated assets	11,906	10,804
<b>Total assets</b>	<b>196,681</b>	<b>193,272</b>

#### Segment liabilities

Cash	904	-
Listed equities	127	-
Investment properties	35,300	35,858
Unallocated liabilities	6,048	5,692
<b>Total liabilities</b>	<b>42,379</b>	<b>41,550</b>

	31 January 2011	31 January 2010
	\$'000	\$'000

### 3. INCOME TAX

Prima facie tax expense on the net profit at 30%	1,523	1,129
Tax effect of permanent differences:		
Non-deductible expenses	(2)	(1)
Franked dividends	(422)	(512)
Income tax expense on operating profit	1,099	616
Under (over) provision for taxable income in prior year	-	-
<b>Income Tax Expense</b>	<b>1,099</b>	<b>616</b>



## Interim Financial Report

	31 January 2011 \$000	31 July 2010 \$000
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**4. NON-CURRENT INVESTMENT PROPERTIES**

Land and buildings – at fair value	95,764	94,359
At fair value		
Balance at beginning of year	94,359	6,810
Acquisition of properties	45	87,885
Net gain (loss) from fair value adjustment	1,360	348
Sale of properties	-	(684)
Balance at end of year	95,764	94,359
<b>Amounts recognised in profit or loss for investment properties</b>		
Rental revenue	6,457	6,325
Direct operating expenses from rental generating properties	(1,909)	(1,939)
	4,548	4,386

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

The company has reviewed the properties carrying values and present the following:

	Valuation Method	Acquisition Date	Cost including All additions \$'mil	Cap Rate (%)	Valuation 31 January 2011 \$'mil	31 July 2010 \$'mil
Port Central SC						
Port Macquarie NSW	(a)	Dec 2009	60.6	9%	62	60.6
Riverfront Plaza SC						
Kempsey, NSW	(a)	Mar 2010	13.3	9.5%	13.3	13.3
Moonee Beach SC						
Moonee Beach, NSW	(a)	May 2010	13.2	9.5%	13.2	13.2
328-332 Bong Bong St						
Bowral NSW	(a)	Nov 2004	3.8	9%	3.1	3.1
35-39 Wharf St						
Forster NSW	(b)	Feb 2005	1.5	n/a	1.5	1.5
Other Properties	(b)	1997 – 2006	2.3	n/a	2.7	2.7
Total			94.7		95.8	94.4

(a) Fair value is based on capitalisation rates, which reflect tenant profile, lease expiry, development potential and the underlying physical condition of the centre, applied to projected net rental income of each property. Further information used to support capitalisation rates have been provided in the table below.

	Port Central Shopping Centre	Riverfront Plaza Shopping Centre	Moonee Beach Shopping Centre
Acquisition date	18-Dec-09	12-Mar-10	13-May-10
Period of ownership	13 months	10 months	8 months
Age of centre	15 years	2 years	4 years
Location	Port Macquarie	Kempsey	Coffs Harbour
Shopping centre type	Sub-regional	Neighbourhood	Neighbourhood
Majors	Super IGA, Target	Coles, Target	Coles
Specialties	60	14	33
Specialty occupancy	99%	75%	24%

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



## NOTES TO THE INTERIM FINANCIAL STATEMENTS

	31 January 2011	31 July 2010
	\$'000	\$'000

### 5. RESERVES

Capital profits reserve	90,503	90,503
Investment revaluation reserve – listed Australian and global equities	6,505	5,407
<b>Total Reserves</b>	<b>97,008</b>	<b>95,910</b>

### 6. RETAINED PROFITS

Retained profits at the beginning of the financial period	40,518	40,696
Net profit attributable to members of Gowing Bros. Limited	3,977	6,575
Dividends provided for or paid	(2,495)	(6,753)
<b>Retained Profits at end of the financial period</b>	<b>42,000</b>	<b>40,518</b>

	31 January 2011	31 January 2010
	\$'000	\$'000

### 7. EARNINGS PER SHARE (EPS)

Earnings reconciliation:		
Net profit	3,977	3,149
Basic and diluted earnings	3,977	3,149
Weighted average number of ordinary shares on issue used in the calculation of basic and diluted earnings per share.	49,892,213	45,086,918
<b>Basic and diluted earnings per share</b>	<b>8c</b>	<b>7c</b>

At balance date there were no options on issue.

	31 January 2011	31 July 2010
	\$'000	\$'000

### 8. NET TANGIBLE ASSET BACKING

NTA per ordinary security before tax on unrealised gains	\$3.15	\$3.09
NTA per ordinary security after tax on unrealised gains	\$3.09	\$3.04

The company is a long term investor and does not intend on disposing of its investment portfolio. Valuations are based on managements' best estimation of market values with reference to ASX prices, private equity manager reports, property valuations and consultation with real estate advisors.



## NOTES TO THE INTERIM FINANCIAL STATEMENTS

## 9. DIVIDENDS

	CENTS PER SHARE	TOTAL AMOUNT \$'000	DATE OF PAYMENT
The following dividends were declared and paid by the company:			
Interim dividend 31 January 2010	5.0c	2,495	23 April 2010
Final dividend 31 July 2010	5.0c	2,495	22 October 2010

Since the end of the period, the directors declared the following dividend:

Interim dividend 31 January 2011	5.5c	2,744	21 April 2010
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Dividends declared or paid during the period were fully franked at the tax rate of 30%.

The financial effect of the dividend declared subsequent to reporting date has not been brought to account in the financial statements for the six month period ended 31 January 2011 and will be recognised in subsequent financial reports.

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

## 10. INTERESTS IN ENTITIES WHICH ARE NOT CONTROLLED ENTITIES, OR JOINT VENTURE OPERATIONS

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

	% OF OWNERSHIP HELD AT END OF PERIOD OR DATE OF DISPOSAL		CONTRIBUTION TO NET PROFIT (LOSS)	
	31 January 2011	31 January 2010	31 January 2011	31 January 2010
	%	%	\$'000	\$'000
Joint Ventures:				
Yarrowonga	50	50	125	123
Elrington Partnership	50	50	95	7
Bunya Pines Estate Joint Venture	50	50	-	-
Regional Retail Properties	50	50	24	85
<b>Total</b>			244	215



## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### 11. ISSUED AND QUOTED SECURITIES AT THE END OF CURRENT PERIOD

	No. quoted	Total No.
Ordinary Securities:		
Opening Balance	49,892,213	49,892,213
<b>Closing Balance</b>	<b>49,892,213</b>	<b>49,892,213</b>

### 12. COMMENTS BY DIRECTORS

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

Refer to Half Year Update - 31 January 2011

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

Nil.

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

The Company has sufficient franking credits (\$14.3 million) to fully frank all dividends that have been declared.



## DIRECTORS' DECLARATION

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

1. the financial statements and notes set out on pages 3 to 13 are in accordance with the Corporations Act 2001, including:
  - (a) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (b) giving a true and fair view of the company's financial position as at 31 January 2011 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  
18 March 2011

**AUDITOR'S INDEPENDENCE DECLARATION**

**To the Directors of Gowing Bros Limited:**

As lead auditor for the review of Gowing Bros Limited for the half-year ended 31 January 2011 I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.



**D K Swindells**  
**Partner**

**Sydney**  
**18 March 2011**



**GOWING BROS LIMITED**  
**INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of Gowing Bros Limited

We have reviewed the accompanying half-year financial report of Gowing Bros Limited, which comprises the balance sheet as at 31 January 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration.

**Directors' Responsibility for the Half-Year Financial Report**

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 January 2011 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 Gowing Bros Limited, 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.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

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

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

**Independence**

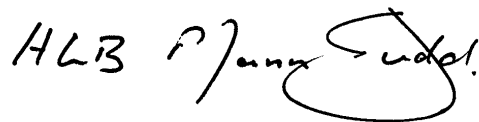
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Gowing Bros Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

**Conclusion**

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

- (a) giving a true and fair view of the company's financial position as at 31 January 2011 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*.

A handwritten signature in black ink that reads 'HLB Mann Judd'.

**HLB MANN JUDD**  
**Chartered Accountants**

A handwritten signature in black ink that reads 'D K Swindells'.

**D K Swindells**  
**Partner**

**Sydney**  
**18 March 2011**