



GOWING BROS
Investing together for a secure future

Appendix 4E

Preliminary Final Report for the Year Ended 31 July 2013

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

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

The reporting period is the year ended 31 July 2013 with the previous corresponding period being the year ended 31 July 2012.

SHAREHOLDER RETURNS	Before tax on unrealised gains	After tax on unrealised gains
Net assets per share as at 31 July 2012	\$3.11	\$3.07
Net assets per share as at 31 July 2013	\$3.29	\$3.21
+ Underlying increase in net assets	\$0.18	\$0.14
+ Ordinary dividend paid	\$0.115	\$0.115
Total Return	\$0.295	\$0.255
Total Return %	9.5%	8.3%

Comments:

Gowings' net assets per share was \$3.29 as at 31 July 2013 (2012: \$3.11) before allowing for tax on unrealised capital gains.

Net assets per share after allowing for tax on unrealised gains would be \$3.21 (2012: \$3.07) if the company were to sell its entire long term investment portfolio and pay the associated tax.

Net assets per share increased by 18c during the year after the payment of 11.5c in fully franked dividends to shareholders. The total return of 29.5c represents a 9.5% shareholder return. Shareholder returns are after payment of salaries, wages, operating expenses and taxes.

DIVIDENDS	31 July 2013	31 July 2012
Interim dividend paid	6.0c	5.5c
Final dividend paid or declared*	6.0c*	6.0c
Total dividends	12.0c	11.5c

* The Directors have declared a fully franked ordinary final dividend of 6.0c with a record date of 10 October 2013 and payable on 24 October 2013.



Appendix 4E

RESULTS FOR ANNOUNCEMENT TO THE MARKET

For the year ended	31 July 2013	31 July 2012	Year on Year
Revenue from Ordinary Activities	\$000	\$000	Movement
Interest income	799	778	3%
Investment property rent	16,956	15,957	6%
Listed equity dividends	1,187	1,850	(36%)
Private equity earnings	(173)	55	(415%)
Total Revenue from Ordinary Activities	18,769	18,640	1%
Expenses			
Investment property expenses	7,642	5,625	36%
Borrowing cost expenses	3,280	3,480	(6%)
Administration and public company expenses	3,167	2,753	15%
Total Expenses	14,089	11,858	19%
Net Income from Ordinary Activities	4,680	6,782	(31%)
Other Income	4,874	1,331	266%
Unrealised impairment on listed equities	-	(236)	-
Profit Before Tax	9,554	7,877	21%
Income tax expense	(2,279)	(1,910)	19%
Profit After Tax	7,275	5,967	22%
Net increase (decrease) in fair value of investments net of tax	5,129	(367)	1,498%
Total Comprehensive Income	12,404	5,600	122%

Comments:

Total revenue from ordinary activities of \$18.8 million was 1% higher than the prior year due to an increase in rental receipts partially offset by a decrease in dividends received due to partial realisation in the prior year of the share portfolio to fund the refurbishment and development works at Coffs Central.

Net income from ordinary activities of \$4.7 million was \$2.1 million lower than the prior year. This was largely due to expenses associated with the Coffs Central refurbishment including \$0.9 million of leasing, legal and relocation expenses and \$0.5 million of additional promotional expenses. There was a serious flood at Kempsey Central, the repairs for which cost the company \$300k.

The refurbishment of Coffs Central also had a significant impact on rents received by the company during the year due to associated rental abatements, vacancies and incentives provided to help establish new retailers.

Both the increase in expenses and reductions in rent during the Coffs Central refurbishment should substantially reverse during the current 2013/2014 financial year as rental abatements are no longer required, additional retailers commence paying rent and refurbishment works draw to a close.

Profit after tax of \$7.3 million has increased by 22% due to the \$4.8 million received from the recovery of a CDO security included in other income. This security had previously been written off.

The net increase in fair value of investments of \$5.1 million was due to a \$3.0 million increase in market value of long term listed investments and a fair value revaluation of other long term investments of \$2.1 million.

Total comprehensive income of \$12.4 million has increased by 122% due to the increase in other income and the fair value of investments as noted above.



Appendix 4E

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JULY 2013

	Notes	31 July 2013	31 July 2012
		\$000	\$000
Revenue			
Interest income		799	778
Listed equities		1,187	1,850
Private equities		(173)	55
Investment properties		16,956	15,957
Total revenue	2	18,769	18,640
Other income			
Gains / (losses) on disposal or revaluation of:			
- Listed equities		872	1,364
- Private equities		(997)	(163)
- Private equities - collateralised debt obligation (CDO) realised		4,880	-
- Investment properties (losses)/gains		(433)	(141)
- Development properties		392	58
Other income		160	213
Total other income	2	4,874	1,331
Total revenue and other income		23,643	19,971
Expenses			
Investment property related expenses		7,642	5,625
Administration expenses		590	501
Borrowing cost expenses	3	3,280	3,480
Depreciation expenses	3	131	119
Employee expenses		2,091	1,814
Public company expenses		355	319
Total expenses		14,089	11,858
Profit from continuing operations before impairment and income tax expense		9,554	8,113
Unrealised impairment listed equities		-	236
Profit before income tax expense		9,554	7,877
Income tax (expense)	4	(2,279)	(1,910)
Profit from continuing operations	5	7,275	5,967
Other comprehensive income			
Net increase (decrease) in fair value of investments net of tax		5,129	(367)
Total comprehensive income		12,404	5,600
<i>Basic and diluted earnings per share</i>	6	14.85c	12.18c

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



Appendix 4E

BALANCE SHEET

AS AT 31 JULY 2013

	Notes	31 July 2013 \$000	31 July 2012 \$000
Current assets			
Cash and cash equivalents		6,784	20,650
Trade and other receivables		1,174	262
Investment properties		-	3,650
Other		968	1,327
Total current assets		8,926	25,889
Non-current assets			
Receivables		4	10
Investments - listed and unlisted Australian equities – available for sale financial assets		36,733	28,734
Investments - listed global equities		3,317	536
Investments - private equities – fair value through profit or loss		5,954	6,809
Investments - unlisted bonds		503	-
Investment properties		150,918	132,587
Development properties		1,435	2,278
Property, plant and equipment		2,850	2,950
Deferred tax assets		5,926	7,247
Other		1,730	1,597
Total non-current assets		209,370	182,748
Total assets		218,296	208,637
Current liabilities			
Trade and other payables		3,251	3,039
Borrowings		2,110	2,111
Tax liabilities		-	361
Provisions		277	168
Total current liabilities		5,638	5,679
Non-current liabilities			
Payables		-	62
Borrowings		47,013	47,023
Deferred tax liabilities		8,178	5,084
Provisions		185	276
Total non-current liabilities		55,376	52,445
Total liabilities		61,014	58,124
Net assets		157,282	150,513
Equity			
Issued capital		13,294	13,294
Reserves		99,903	94,774
Retained profits	5	44,085	42,445
Total equity		157,282	150,513

The above balance sheet should be read in conjunction with the accompanying notes.



Appendix 4E

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JULY 2013

	Contributed Equity	Capital Profits Reserve - Pre CGT profits	Investment Revaluation Reserve - listed equities	Retained Earnings	Total
	\$000	\$000	\$000	\$000	\$000
Balance at 1 August 2011	13,294	90,503	4,638	41,869	150,304
Total comprehensive income for the year	-	-	(367)	5,967	5,600
Transactions with owners in their capacity as owners:					
Dividends paid	-	-	-	(5,391)	(5,391)
Balance at 31 July 2012	13,294	90,503	4,271	42,445	150,513
Total comprehensive income for the year	-	-	5,129	7,275	12,404
Transactions with owners in their capacity as owners:					
Dividends paid	-	-	-	(5,635)	(5,635)
Balance at 31 July 2013	13,294	90,503	9,400	44,085	157,282

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



Appendix 4E

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2013

	31 July 2013	31 July 2012
	\$000	\$000
Cash flows from operating activities		
Receipts in the course of operations (inclusive of GST)	17,900	17,466
Payments to suppliers and employees (inclusive of GST)	(12,655)	(8,915)
Dividends received	1,187	1,904
Interest received	893	741
Borrowing costs	(3,280)	(3,360)
Income taxes paid	(84)	(1,193)
Net cash inflow from operating activities	3,961	6,643
Cash flows from investing activities		
Payments for purchases of property, plant and equipment	(31)	(223)
Payments for the purchases of development properties	(6)	(52)
Payments for the purchases of investment properties	(16,168)	(37,011)
Payments for purchases of equity investments	(8,979)	-
Payments for other assets	(477)	-
Proceeds from sale of financial assets	11,115	14,843
Proceeds from sale of investment properties	1,125	-
Proceeds from sale of properties and other assets	1,241	186
Net (outflow) from investing activities	(12,180)	(22,257)
Cash flows from financing activities		
Loans issued	-	(40)
Proceeds from borrowings	-	14,000
Repayment of borrowings	(12)	(41)
Dividends paid	(5,635)	(5,391)
Net cash (outflow) / inflow from financing activities	(5,647)	8,528
Net (decrease) in cash held	(13,866)	(7,086)
Cash at the beginning of the period	20,650	27,736
Cash and cash equivalents at the end of the period	6,784	20,650

The above statement of cash flows should be read in conjunction with the accompanying notes.



NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

The preliminary final report is presented in Australian dollars and is prepared under the historical cost convention, modified by the revaluation of listed equities and direct unlisted investments (available-for-sale financial assets), private equities (financial assets at fair value through profit or loss) and investment properties.

Conforming to Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires the Directors to exercise their judgement in the process of applying the entity's accounting policies. These estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or future periods if the revision affects both current and future periods.

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



Appendix 4E

NOTES TO THE FINANCIAL STATEMENTS

	31 July 2013	31 July 2012
	\$000	\$000
2. SEGMENT INFORMATION		
Segment revenue		
Cash and fixed interest – interest received	799	778
Listed equities – dividends and option income	1,187	1,850
Private equities – distributions received	(173)	55
Investment properties – rent received	16,956	15,957
	18,769	18,640
Segment other income		
Listed equities – realised gains on disposal	872	1,364
Private equities – unrealised fair value (losses) / gains	(997)	(163)
Private equities – realised collateralised debt obligation (CDO)	4,880	-
Investment properties – unrealised fair value (losses) / gains	(433)	(141)
Development properties – realised gains on disposal	392	58
Other	160	213
	4,874	1,331
Total segment revenue and income	23,643	19,971
Segment result		
Cash and fixed interest	799	778
Listed equities	2,059	2,978
Private equities	3,710	(108)
Investment properties	5,604	6,894
Development properties	392	42
Employee & administration	(3,010)	(2,707)
	9,554	7,877
Income tax (expense)	(2,279)	(1,910)
Net profit after tax	7,275	5,967
3. OPERATING PROFIT		
Profit from continuing operations before income tax expense includes the following specific items:		
Depreciation	131	120
Interest expense	3,280	3,480



NOTES TO THE FINANCIAL STATEMENTS

	31 July 2013	31 July 2012
	\$000	\$000
4. INCOME TAX		
Prima facie tax expense on the net profit at 30%	2,866	2,363
Tax effect of permanent differences:		
Non-assessable income	(188)	(7)
Franked dividends	(305)	(471)
Under / (over) provision for taxable income in prior years	(94)	25
	2,279	1,910
5. RETAINED PROFITS		
Retained profits at the beginning of the financial year	42,445	41,869
Net profit attributable to members of Gowing Bros. Limited	7,275	5,967
Dividends provided for or paid	(5,635)	(5,391)
	44,085	42,445
6. EARNINGS PER SHARE (EPS)		
Earnings reconciliation:		
Net profit	7,275	5,967
Basic and diluted earnings	7,275	5,967
Weighted average number of ordinary shares on issue used in the calculation of basic and diluted earnings per share.	49,003,325	49,003,225
At balance date there were no options on issue.		



NOTES TO THE FINANCIAL STATEMENTS

	31 July 2013	31 July 2012
	\$000	\$000

7. NET TANGIBLE ASSET BACKING

NTA per ordinary security before tax on unrealised gains	\$3.29	\$3.11
NTA per ordinary security after tax on unrealised gains	\$3.21	\$3.07

The Company does not presently have any intangible assets. The Company is a long term investor and does not intend to dispose of its investment portfolio. Valuations are based on the Directors' estimate of market values with reference to ASX prices, investment analyst reports, periodic private equity manager reports, property valuations and consultation with real estate advisors.

8. DIVIDENDS

	CENTS PER SHARE	TOTAL AMOUNT \$000	DATE OF PAYMENT
--	-----------------	--------------------------	--------------------

The following dividends were declared and paid by the entity during the year ended 2013;

Final dividend	5.5c	2,695	24 October 2012
Interim dividend	6.0c	2,940	26 April 2013

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

Final dividend	6.0c	2,940	24 October 2013
----------------	------	-------	-----------------

The financial effect of the dividend declared subsequent to reporting date has not been brought to account in the financial statements during the year ended 31 July 2013 and will be recognised in subsequent financial reports.

The Dividend Reinvestment Plan (DRP) remains suspended for the final dividend.



Appendix 4E

NOTES TO THE FINANCIAL STATEMENTS

9. INTERESTS IN JOINT VENTURES

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

	% OF OWNERSHIP HELD AT END OF PERIOD OR DATE OF DISPOSAL		CONTRIBUTION TO NET PROFIT / (LOSS)	
	31 July 2013	31 July 2012	31 July 2013	31 July 2012
	%	%	\$000	\$000
Joint Ventures:				
Bunya Pines Estate Joint Venture	-	50	-	10
Regional Retail Properties	50	50	32	5
Elrington Partnership	50	50	47	40
Yarrowonga Joint Venture	-	50	-	32
			79	87

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

	2013 Number	2012 Number
Ordinary securities:		
Opening and closing balance	49,003,325	49,003,325

11. COMMENTS BY DIRECTORS

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

See Results for Announcement to the Market above.

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

Significant movements in the value of property and share prices may have a material effect on the value of the portfolio at any time.

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

The company has sufficient franking credits (\$9.8 million) to fully frank all dividends that have been declared.

Annual General Meeting

The Annual General Meeting will be held at 10.00 am on Thursday, 21 November 2013 at Suite 21, Jones Bay Wharf, 26 – 32 Pirrama Road, Pymont NSW 2009.