



GOWING BROS
Investing together for a secure future

Appendix 4E

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Preliminary Final Report for the Year Ended 31 July 2014

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RESULTS FOR ANNOUNCEMENT TO THE MARKET

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

Yield Compression Underpins Improved Valuation for the Company's Regional Shopping Centres

This year's results have benefited from an increased demand for regional shopping centres leading to strong underlying growth in value for both Port Central and Coffs Central shopping centres (based on independent external valuations).

The reporting period is the year ended 31 July 2014 with the previous corresponding period being the year ended 31 July 2013.

SHAREHOLDER RETURNS	Before tax on unrealised gains	After tax on unrealised gains
Net assets per share as at 31 July 2013	\$3.29	\$3.21
Net assets per share as at 31 July 2014	\$3.60	\$3.47
+ Underlying increase in net assets	\$0.31	\$0.26
+ Ordinary dividend paid	\$0.12	\$0.12
Total Return	\$0.43	\$0.38
Total Return %	13.1%	11.8%

Comments:

Gowings' net assets per share was \$3.60 as at 31 July 2014 (2013: \$3.29) before allowing for tax on unrealised capital gains.

Net assets per share after allowing for tax on unrealised gains would be \$3.47 (2013: \$3.21) if the company were to sell its entire long term investment portfolio and pay the associated tax.

Net assets per share increased by 31c during the year after the payment of 12c in fully franked dividends to shareholders. The total return of 43c represents a 13.1% shareholder return. Shareholder returns are after payment of salaries, wages, operating expenses and taxes.

DIVIDENDS	31 July 2014	31 July 2013
Interim dividend paid	6.0c	6.0c
Final dividend paid or declared*	6.0c*	6.0c
Total dividends	12.0c	12.0c

* The Directors have declared a fully franked ordinary final dividend of 6.0 cents per share with a record date of 9 October 2014 and payable on 23 October 2014.



RESULTS FOR ANNOUNCEMENT TO THE MARKET

For the year ended	31 July 2014	31 July 2013	Year on Year
Revenue from Ordinary Activities	\$000	\$000	Movement
Interest income	219	799	(73%)
Investment property rent	18,307	16,956	8%
Listed equity dividends	1,595	1,187	34%
Private equity earnings	241	(173)	239%
Total Revenue from Ordinary Activities	20,362	18,769	8%
Expenses			
Investment property expenses	7,742	7,642	1%
Borrowing cost expenses	3,266	3,280	-
Administration and public company expenses	3,138	3,167	(1%)
Total Expenses	14,146	14,089	-
Net Income from Ordinary Activities	6,216	4,680	33%
Other Income	13,686	4,874	181%
Unrealised impairment on listed equities	(419)	-	(100%)
Profit Before Tax	19,483	9,554	104%
Income tax expense	(5,415)	(2,279)	138%
Profit After Tax	14,068	7,275	93%
Net increase (decrease) in fair value of investments net of tax	4,751	5,129	(7%)
Total Comprehensive Income	18,819	12,404	52%

Comments:

Total revenue from ordinary activities of \$20.4 million was 8% higher than the prior year primarily due to an increase in property income from Coffs Central Shopping Centre following completion of Stage 1 development works. Dividend income increased by 34%, reflecting an increase in the share portfolio and higher company dividends. Interest income decreased by 73% due to lower average cash balances held during the year at lower average rates of interest.

Net income from ordinary activities of \$6.2 million was \$1.5 million higher than the prior year due to the increase in property income from Coffs Central noted above. Total expenses were flat on the prior year with marginal increases in property and administration expenses being offset by lower employee expenses.

Other income of \$13.7 million was 181% higher than the prior year and included a total of \$12.2 million of unrealised gains on the revaluation of Port Central and Coffs Central shopping centres. The revaluations were prepared by an external registered valuer and reflect improvements in both market values and underlying income at those centres. In 2013 other income included \$4.8 million received from the one off recovery of a CDO security previously written off.

Profit after tax of \$14.1 million increased by 93% on the prior year reflecting increased property income and other income as described above.

Total comprehensive income of \$18.8 million increased by 52% on the prior year and included a \$4.8 million net increase in fair value of investments net of tax due to increases in the market value of long term equity investments.



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STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JULY 2014

	Notes	31 July 2014	31 July 2013
		\$000	\$000
Revenue			
Interest income		219	799
Equities		1,595	1,187
Private equities		241	(173)
Investment properties		18,307	16,956
Total revenue	2	20,362	18,769
Other income			
Gains / (losses) on disposal or revaluation of:			
- Equities		618	872
- Private equities		626	(515)
- Private equities - collateralised debt obligation (CDO) realised		-	4,880
- Investment properties		12,269	(915)
- Development properties		49	392
Other income		124	160
Total other income	2	13,686	4,874
Total revenue and other income		34,048	23,643
Expenses			
Investment property related expenses		7,742	7,642
Administration expenses		804	590
Borrowing cost expenses	3	3,266	3,280
Depreciation expenses	3	120	131
Employee expenses		1,786	2,091
Public company expenses		428	355
Total expenses		14,146	14,089
Profit from continuing operations before impairment and income tax expense		19,902	9,554
Unrealised impairment equities		(419)	-
Profit before income tax expense		19,483	9,554
Income tax expense	4	(5,415)	(2,279)
Profit from continuing operations	6	14,068	7,275
Other comprehensive income			
Net increase in fair value of investments net of tax		4,751	5,129
Total comprehensive income		18,819	12,404
<i>Basic and diluted earnings per share</i>	7	28.71c	14.85c

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.



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STATEMENT OF FINANCIAL POSITION

AS AT 31 JULY 2014

	Notes	31 July 2014 \$000	31 July 2013 \$000
Current assets			
Cash and cash equivalents		7,243	6,784
Trade and other receivables		871	1,174
Loans receivable		1,222	-
Development properties		1,237	-
Unlisted bonds		501	-
Other		931	968
Total current assets		12,005	8,926
Non-current assets			
Receivables		413	4
Equities		43,790	40,050
Private equities		4,029	5,954
Unlisted bonds		-	503
Investment properties		164,627	150,918
Development properties		1,446	1,435
Property, plant and equipment		2,975	2,850
Deferred tax assets		5,679	5,926
Other		2,331	1,730
Total non-current assets		225,290	209,370
Total assets		237,295	218,296
Current liabilities			
Trade and other payables		2,231	3,251
Borrowings		2,060	2,110
Tax liabilities		217	-
Provisions		234	277
Total current liabilities		4,742	5,638
Non-current liabilities			
Borrowings	5	47,224	47,013
Deferred tax liabilities		14,915	8,178
Provisions		212	185
Total non-current liabilities		62,351	55,376
Total liabilities		67,093	61,014
Net assets		170,202	157,282
Equity			
Contributed capital		13,275	13,294
Reserves		104,654	99,903
Retained profits	6	52,273	44,085
Total equity		170,202	157,282

The above statement of financial position should be read in conjunction with the accompanying notes.



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STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JULY 2014

	Contributed Equity \$000	Capital Profits Reserve - Pre CGT profits \$000	Investment Revaluation Reserve - listed equities \$000	Retained Earnings \$000	Total \$000
Balance at 1 August 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
Total comprehensive income for the year	-	-	4,751	14,068	18,819
Transactions with owners in their capacity as owners:					
Share buy-back	(19)	-	-	-	(19)
Dividends paid	-	-	-	(5,880)	(5,880)
Balance at 31 July 2014	13,275	90,503	14,151	52,273	170,202

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



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STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2014

	31 July 2014	31 July 2013
	\$000	\$000
Cash flows from operating activities		
Receipts in the course of operations (inclusive of GST)	21,761	17,900
Payments to suppliers and employees (inclusive of GST)	(13,407)	(12,655)
Dividends received	1,595	1,187
Interest received	227	893
Borrowing costs	(3,266)	(3,280)
Income taxes paid	(249)	(84)
Net cash inflow from operating activities	6,661	3,961
Cash flows from investing activities		
Payments for purchases of property, plant and equipment	(273)	(31)
Payments for the purchases of development properties	(1,563)	(6)
Payments for the purchases of investment properties	(1,443)	(16,168)
Loans for the purchases of development properties	(1,222)	-
Payments for purchases of equity investments	(2,627)	(8,979)
Payments for other assets	(700)	(477)
Proceeds from sale of property, plant and equipment	32	-
Proceeds from sale of financial assets	6,967	11,115
Proceeds from sale of investment properties	-	1,125
Proceeds from sale of development properties	364	-
Proceeds from sale of properties and other assets	-	1,241
Net (outflow) from investing activities	(465)	(12,180)
Cash flows from financing activities		
Proceeds from borrowings	1,284	-
Repayment of borrowings	(1,122)	(12)
Payments for share buy-backs	(19)	-
Dividends paid	(5,880)	(5,635)
Net cash (outflow) from financing activities	(5,737)	(5,647)
Net increase (decrease) in cash held	459	(13,866)
Cash at the beginning of the period	6,784	20,650
Cash and cash equivalents at the end of the period	7,243	6,784

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 judgements 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.



NOTES TO THE FINANCIAL STATEMENTS

	31 July 2014	31 July 2013
	\$000	\$000
2. SEGMENT INFORMATION		
Segment revenue		
Cash and fixed interest – interest received	219	799
Equities – dividends and option income	1,595	1,187
Private equities – distributions received	241	(173)
Investment properties – rent received	18,307	16,956
	20,362	18,769
Segment other income		
Equities – realised gains on disposal	618	872
Private equities – unrealised fair value gains/(losses)	626	(515)
Private equities – realised collateralised debt obligation (CDO)	-	4,880
Investment properties – unrealised fair value gains / (losses)	12,269	(915)
Development properties – realised gains on disposal	49	392
Other	124	160
	13,686	4,874
Total segment revenue and income	34,048	23,643
Segment result		
Cash and fixed interest	219	799
Equities	1,794	2,059
Private equities	867	4,192
Investment properties	19,599	5,122
Development properties	49	392
Other	(3,045)	(3,010)
	19,483	9,554
Income tax (expense)	(5,415)	(2,279)
Net profit after tax	14,068	7,275
3. OPERATING PROFIT		
Profit from continuing operations before income tax expense includes the following specific items:		
Depreciation	120	131
Interest expense	3,266	3,280



NOTES TO THE FINANCIAL STATEMENTS

	31 July 2014 \$000	31 July 2013 \$000
4. INCOME TAX		
Prima facie tax expense on the net profit at 30%	5,845	2,866
Tax effect of permanent differences:		
Non-assessable income	(79)	(188)
Franked dividends	(471)	(305)
Under / (over) provision for taxable income in prior years	120	(94)
	5,415	2,279
5. NON-CURRENT BORROWINGS		
Fixed loan	224	-
Bills payable – secured	47,000	47,000
Finance lease - secured	-	13
	47,224	47,013
Total secured liabilities		
The total secured liabilities (current and non-current) are as follows:		
Fixed loan	224	-
Bills payable ¹	49,050	49,100
Finance lease	10	23
	49,284	49,123
¹ Assets pledged as security		
\$2.05 million bill is secured against Bong Bong St, Bowral & 35-39 Wharf Street, Forster		
\$26.0 million bill is secured against Port Central Shopping Centre ("SC")		
\$7.0 million bill is secured against Kempsey Central SC		
\$14.0 million bill is secured against Coffs Central SC		
6. RETAINED PROFITS		
Retained profits at the beginning of the financial year	44,085	42,445
Net profit attributable to members of Gowing Bros. Limited	14,068	7,275
Dividends provided for or paid	(5,880)	(5,635)
	52,273	44,085
7. EARNINGS PER SHARE (EPS)		
Earnings reconciliation:		
Net profit	14,068	7,275
Basic and diluted earnings	14,068	7,275
Weighted average number of ordinary shares on issue used in the calculation of basic and diluted earnings per share.	49,002,518	49,003,325

At balance date there were no options on issue.



NOTES TO THE FINANCIAL STATEMENTS

	31 July 2014	31 July 2013
	\$000	\$000

8. NET TANGIBLE ASSET BACKING

NTA per ordinary security before tax on unrealised gains	\$3.60	\$3.29
NTA per ordinary security after tax on unrealised gains	\$3.47	\$3.21

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.

9. DIVIDENDS

	CENTS PER SHARE	TOTAL AMOUNT \$000	DATE OF PAYMENT
The following dividends were declared and paid by the entity during the year ended 2014;			
Final dividend	6.0c	2,940	24 October 2013
Interim dividend	6.0c	2,940	24 April 2014

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

Final dividend	6.0c	2,940	23 October 2014
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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 2014 and will be recognised in subsequent financial reports.

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



NOTES TO THE FINANCIAL STATEMENTS

10. 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 2014 %	31 July 2013 %	31 July 2014 \$000	31 July 2013 \$000
Joint Ventures:				
Regional Retail Properties	50	50	59	32
Elrington Partnership	50	50	53	47
			112	79

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

	2014 Number	2013 Number
Ordinary securities:		
Opening and closing balance	48,996,567	49,003,325

12. 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 (\$8.2 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, 20 November 2014 at Suite 21, Jones Bay Wharf, 26 – 32 Pirrama Road, Pyrmont NSW 2009.