



Enriching People's
Lives, since 1868

APPENDIX 4D | For the half-year ended 31 January 2021



G O W I N G B R O S

Investing together for a secure future

Gowing Bros. Limited

ABN 68 000 010 471

Suite 303, 35-61 Harbour Drive

Coffs Harbour, NSW, 2450

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

RESULTS FOR ANNOUNCEMENT TO THE MARKET

The reporting period is the half-year ended 31 January 2021 with the previous corresponding period being the half-year ended 31 January 2020 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 2020 annual report for the Group.

DIVIDENDS

Interim fully franked dividend per share	Up 33%	3.0 cents
Special fully franked dividend per share		1.0 cents
The record date for the interim dividend		9 April 2021
The payment date of the interim dividend		23 April 2021

REVENUE

Total Revenue from Ordinary Activities	Down 1.4%	\$ 32.7 million
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EARNINGS

Operational Profit before tax	Up 114%	\$5.2 million
Gain on Termination of Interest SWAP Derivative		\$0.6 million
Other		<u>\$0.1 million</u>
Profit before Tax		\$5.9 million
Income Tax Expense		<u>\$(0.8) million</u>
Profit after Tax attributable to members	Up 37%	<u>\$5.0 million</u>

NET TANGIBLE ASSETS PER SHARE

Net Tangible Assets per share before tax on unrealised gains	Up 3.3%	\$3.76
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MANAGING DIRECTORS REPORT

CAUTIOUSLY OPTIMISTIC

This time last year we were entering into the greatest period of uncertainty Gowings has faced in most of our lifetimes. Who could have foreseen or predicted where we would find ourselves today?

At the time of writing, apart from wild weather and the biggest deluge on the Mid North Coast since 1961, we find ourselves operating in pretty much the best place in the world from a pre and post- pandemic perspective, and normally from a climate perspective.

Most of our retail partners are trading on par or better than their pre-pandemic levels. We have a reasonable pipeline of prospective retailers negotiating to move into our centres, and amazingly have introduced several new operators during the pandemic period.

At the times when I felt most down during the pandemic crisis my wife Miriam reminded me how lucky we were to have sold in Sydney and moved up the coast. During the period we relocated our head office from Pyrmont in Sydney to the 3rd level of the new Gowings building on the corner of Harbour Drive and Vernon Street in Coffs Harbour. The new finance team led by 5th generation family member James Gowing have settled in well and having most of the team located under one roof again has been very well accepted. The last domino in the move up to Coffs Harbour rolled over last week with the sale of Gowings' offices in Pyrmont, Sydney going unconditional.

At Sawtell Commons, our residential subdivision 10km south of Coffs Harbour, stage 2 is close to completion and nearly ready for land title registration and settlement. Works are progressing on stage 3, which depending on the weather should be ready for sale and settlement prior to calendar year end. In part to fund the next stage and pay out our fixed interest rate hedge we drew down a further \$10 million of our revolving facility with CBA during the period. The market for residential property in Coffs Harbour has been very strong and we are cautiously optimistic about the sales for the next stage as there is a lot of demand emanating from Sydney and Melbourne, as families wish to relocate to the regions out of metropolitan areas.

The Coffs Harbour Highway bypass plan was officially approved by the Department of Planning in December 2020. Introductory works have begun and Gowings will be a major beneficiary of this project, not least of all from the significant expected shortfall in rental properties in Coffs Harbour as bypass workers move to the area.

At Surf Hardware International (SHI), the surf has been running high. Sales and earnings have been a record for the first half. SHI has been a major beneficiary of the pandemic, particularly people holidaying at home, stimulus spending and the appreciating \$AUD. To reward patient shareholders the board has decided to declare a special 1c fully franked dividend from these windfall earnings.

GOWINGS CONTINUES TO EMBRACE SUSTAINABILITY

At Gowings we were one of the first retail companies to introduce recycled paper bags and organic cotton casual clothing. We also established The Gowings Whale Trust. I'm pleased to inform you that this environmentally sustainable commitment continues. We have appointed Byron Gowing as Chief Sustainability Officer and are adopting a number of initiatives with the goal of making Gowings carbon neutral over the course of the next few years.

At our shopping centres we are introducing waste streaming, actively recycling plastic and introducing imbedded electricity networks backed by commercial solar arrays with battery storage.

Surf Hardware International has adopted a policy of 1% of all sales going to projects that help protect the ocean environment and the beneficiary is the Gowings Whale Trust, a formally constituted environmental charity. SHI has also embraced a policy to phase out all unnecessary plastic packaging and replace it wherever possible with recycled cardboard.

FINANCIAL REVIEW

The Group is pleased to report a significant increase in operational profits of 114%, excluding one-off non-cash gains and losses. Overall the profit before tax of \$5.9 million is higher than the \$5.7 million gain recorded for the corresponding period in 2020. It is important to note that the prior period result included a number of realised gains on investment properties and development properties.

Financial highlights during the period include a significant recovery in the value of the equities portfolio of \$2.3 million after tax and a before tax income of \$2.1 million from Surf Hardware International, additionally the interest rate swap derivative was closed out with a \$0.6 million dollar gain.

The shopping centre portfolio delivered a strong result due to the unique position in regional NSW which has not been as impacted by the pandemic as major cities and other States due to outbreaks, extended lockdowns, and border closures. The total operational net income has recovered to substantially pre-pandemic levels at \$3.7 million before tax. The carrying value of the shopping centres in the portfolio remained consistent with the valuations as at 31 July 2020.

During the period Gowings has divested from certain companies in the strategic investment portfolio. These disposals coupled with widespread reductions in dividends from listed companies have contributed to the 23% reduction on dividends received in the corresponding period. Murray Darling Food Company contributed a \$0.1 million dividend.

The managed Private Equity portfolio performed well during the period with Five V Capital generating realised returns of \$0.3 million. Valuations in this category have remained consistent with 31 July 2020.

The Group has relocated Head-Office functionality to Coffs Harbour to streamline commercial operations. The freehold property in Pyrmont is under a contract for sale with settlement due in April 2021.

DIVIDENDS

The Group has generated strong operational cash-flows and will be declaring an interim 3c fully franked dividend, and a 1c special dividend from Surf Hardware International's strong performance.

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.

OUTLOOK

There is still a great deal of uncertainty in the world and my biggest concern now is how we navigate our way out of the pandemic with the successful roll out of the vaccine programme both in Australia and overseas. It would be great to avoid future lockdowns due to quarantine failures. We continue to manage the company cautiously as is prudent and I feel that Gowings will be the net long-term beneficiary of some of the underlying trends that have emerged during the pandemic. However the greatest lesson we have learnt is to expect and plan for the unexpected.

I would like to thank all our team members and the wider Gowings community for their support during this period.

PROFIT AND LOSS STATEMENT

For the half-year ended	31 Jan 2021 \$'000	31 Jan 2020 \$'000
Operational Net Income		
Interest income	104	113
Investment properties	3,672	3,803
Development properties	-	736
Equities	284	367
Managed private equities	333	563
Surf Hardware International	2,142	(927)
Total Net Income from Ordinary Activities	6,535	4,655
Expenses		
Administration, public company and other	(1,301)	(2,204)
Operational Profit	5,234	2,451
Gains on sale or revaluation		
Investment properties - unrealised gains	-	8
Investment properties - realised gains	-	2,134
Managed private equities	-	1,217
Derivatives	587	35
Other		
Other income	105	(10)
Other costs	(68)	(124)
Profit Before Tax	5,858	5,711
Income tax expense	(842)	(2,054)
Profit After Tax	5,016	3,657

KEY METRICS	31 Jan. 2021 (6 months)	31 July 2020 (12 months)	31 July 2019 (12 months)	31 July 2018 (12 months)	31 July 2017 (12 months)
Net Assets	\$189.3m	\$184.1m	\$191.1m	\$216.0m	\$214.0m
Net Assets per Share					
- Before Tax on unrealised gains*	\$3.76	\$3.64	\$3.83	\$4.52	\$4.43
Profit (loss) After Tax	\$5.0m	\$4.7m	(\$19.4)m	\$6.5m	\$23.2m
Total Comprehensive Income (loss)	\$7.0m	(\$1.3m)	(\$19.7)m	\$8.6m	\$21.9m
Earnings per Share	9.34c	8.82c	(36.07)c	12.18c	43.3c
Dividends per Share	4.0c	10.0c	11.0c	12.0c	12.0c
Total Shareholder Return	4.4%	(2.3%)	(12.8)%	4.7%	13.2%

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

GOWINGS AT A GLANCE (At Directors' Valuation)

	31 Jan 2021 \$'000	31 Jul 2020 \$'000
Strategic Investments		
Surf Hardware International (at cost)	16,000	16,000
Boundary Bend Limited	12,216	12,216
Carlton Investments	5,671	4,650
BBBSA Finance	2,400	2,400
Dice Molecules	2,304	2,304
Murray Darling Food Company	2,157	2,157
NSX Limited	1,900	900
Hexima	1,268	949
Hydration Pharmaceuticals	1,331	1,331
Power Pollen Accelerated Ag Technologies	885	885
Phalla Pharma Limited	724	948
SYMBYX	600	-
EFTsure	681	602
Blackfynn	403	403
Tasmanian Oyster Company	400	-
Other Listed Investments	5,423	5,221
Total	54,363	50,966
Private Equity Funds		
Five V Capital	1,981	1,620
OurCrowd Australia	1,248	1,248
Our Innovation Fund	1,788	1,788
Other Private Equity Funds	48	95
Total	5,065	4,751
Pacific Coast Shopping Centre Portfolio		
Sub-regional shopping centres	178,979	178,277
Neighbourhood shopping centres	19,969	19,854
Borrowings	(90,175)	(80,175)
Total	108,773	117,956
Other Direct Properties		
Sawtell Commons - Residential Subdivision	11,445	10,578
Harbour Drive Solitary 30 Site	3,856	3,734
Jones Bay Wharves	7,062	7,062
Other Properties	6,174	6,188
Borrowings	(1,225)	(1,350)
Total	27,312	26,212
Cash and Other		
Cash	21,298	15,329
Current & Deferred Tax Liabilities	(12,886)	(12,017)
Surf Hardware International Consolidation Impact	(715)	(609)
Other Assets & Liabilities	(1,541)	(7,057)
Total	6,156	(4,354)
Net Assets before tax on unrealised gains on equities, investment and freehold properties	201,669	195,531
Provision for tax on unrealised gains on equities, investment and freehold properties	(12,401)	(11,456)
Net Assets after tax on unrealised gains on equities, investment and freehold properties	189,268	184,075

PACIFIC COAST SHOPPING CENTRE PORTFOLIO



Coffs Central

In a historic milestone for the company, Gowings Bros relocated its head office from Pymont into the new commercial tower of Coffs Central during the period and held its 2020 AGM on site in November 2020. The tower is now formally known as the Gowings Building.

During the period the leasing team was on the front foot with positive momentum generating strong leasing enquiries and results. We were able to secure a number of high-quality new retailers which commenced trading during the period including:

*National Australia Bank
Abbey Hair*

*Optus
Blue Illusion*

*Brennans Butchery
Central Massage*

During the period all rent moratorium agreements due to the pandemic across the shopping centre portfolio were finalised and executed. The leasing pipeline is relatively strong with four new lease deals currently being negotiated with key terms agreed subject to lease documentation. Two lease renewals were executed during the period and six lease renewals are currently in progress. We are also targeting a number of strategic operators to ensure we build upon our vibrant and experiential retail offer.

On the development side we continue to explore further development opportunities at Coffs Central including the DA approved hotel, rooftop apartments and office tower expansion.

Port Central

Following the leasing re-mix strategy in prior periods the leasing focus during the period was finalising the pandemic lease moratorium agreements with all retailers and securing key lease renewals.

Despite the ongoing pandemic concerns we successfully renewed seven retailers and are currently in renewal discussions with three existing operators including a strategic relocation. We also generated new lease deal opportunities and secured two new retailers which opened during the period and we have recently executed lease documentation with a new high-quality operator in a prominent centre position.

We are currently working with consultants on concept plans, feasibility and developing a leasing strategy for a capital upgrade & reconfiguration to the upstairs food court into an exciting mixed vibrant retail and dining offer. We are also continuing to work with local planning authorities and evaluate the redevelopment options associated with centre rooftop apartments as well as the many potential development options available to amalgamate the centre with our adjoining site at 99 William Street which is ongoing.

Kempsey Central

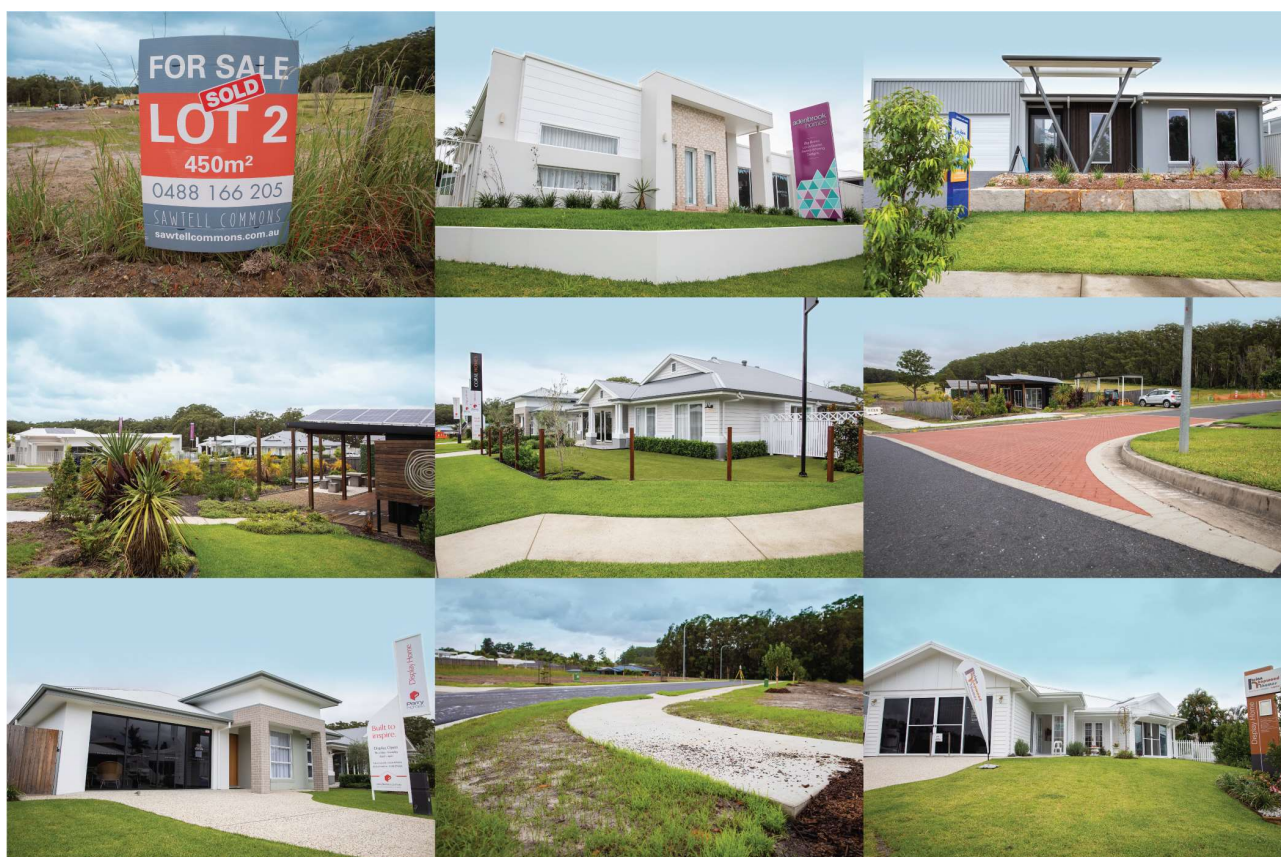
By working closely with Kempsey Shire Council and other key stakeholders we were able to secure a major new strategic lease deal during the period. In December 2020 it was announced that Country Universities Centre Macleay Valley will open in Kempsey Central to provide free access to state-of-the-art technology to local university students. This new educational facility will complement the centres existing retail mix and is expected to further strengthen centre foot-traffic when it opens in March 2021. The reconfiguration of this tenancy has also allowed us to design an exciting new food and dining offer which we are currently finalising the feasibility and leasing programme for.

Whilst the pandemic has had a particularly negative impact to the cinema sector we are pleased to report that through a very strong partnership between Gowings and a high-quality operator that the Majestic Cinema complex at the centre continues to experience improved trading conditions and all parties are confident that a sound plan is in place to manage the ongoing risk profile. During the period we implemented a substantial new rooftop solar capital works program which will benefit some of our larger strategic retailers.

OTHER PROPERTIES UNDER DEVELOPMENT

Sawtell Commons - Strong enquiries continue to be received over the half-year. Seven out of the eight available blocks in Stage 2 have exchanged or are under contract, at an average price of \$330,000. The expected completion date for these sales is early May.

The stage 3 release of 56 lots has seen strong pre-sales interest with 11 holding deposits received at an average of \$325,000 per lot. Registration for stage 3 is expected around the end of October 2021. At the time of reporting the stage 2 footpaths, electrical, water and sewer works were almost finished and earthworks to create the footprint for stage 3 roads and to level these lots will commence as soon as weather allows.



Solitary 30 - The Jetty development site located at 357 Harbour Drive paves the way for an exciting new mixed-use development for Gowings. The site has now been demolished and some of the historic and original timber elements of the Forestry Building have been re-purposed at the new Gowings Head Office located on level 3 of the Gowings Building on Harbour Drive in Coffs Harbour.

DFJ Architects have presented several concepts for the site and are continuing to refine their final designs. We are in consultation with Coffs Harbour City Council regarding the potential transfer of ownership of the parcel of land adjoining the road and expect a decision shortly. This decision will impact the final design submitted for DA, expected later in 2021.

STRATEGIC INVESTMENTS

The strategic investment portfolio grew to \$54.4 million due to the market recovery. There were some divestments from listed equity positions and new investments during the period as follows:

Equity divestments:

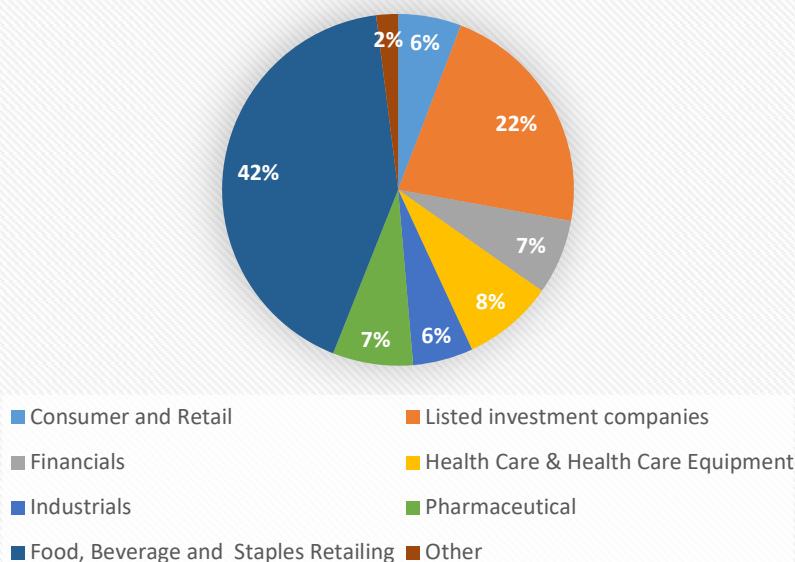
- ANZ
- CBA
- Djerriwarrah Investments
- Event Hospitality
- NAB

New purchases:

- Pearl Global
- SYMBYX Biome
- Tasmanian Oyster Company
- Treasury Wine Estates
- Youfoodz

The bulk of the new additions were purchased in November and are unlisted which have not changed in value as at the date of this report. Due to dividend policy generally being subdued, this has led to a reduction in overall dividends received by 23%.

Strategic Investments - Sector Allocation



SYMBYX Biome (Valuation \$0.6 million; Cost \$0.6 million)

SYMBYX is an early stage Australian medtech company developing laser light therapies for previously intractable, chronic diseases. There is already significant scientific evidence demonstrating a cause-and-effect relationship between a perturbed (dysbiotic) microbiome and the development of neurodegenerative conditions such as Parkinson's Disease and Autism Spectrum Disorder.

Photobiomodulation (the modulation of target cell function through mitochondrial stimulation using infrared, non-thermal laser light) with SYMBYX lasers has a sustainable, positive effect on Parkinson disease pathology including reduction in motor deficit, improved cognition, returned sense of smell and increased general wellbeing. SYMBYX has already completed successful stage-2 equivalent clinical trials in Australia and is planning a further large-scale RCT this year to support its therapies. Its devices are already ARTG listed and CE marked. SYMBYX has also discovered that it can improve microbiome composition (in overall microbial diversity and proliferation of good bacteria) in both animal and human models. This opens up a range of new therapeutic opportunities for metabolic conditions including Irritable Bowel Disease.

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

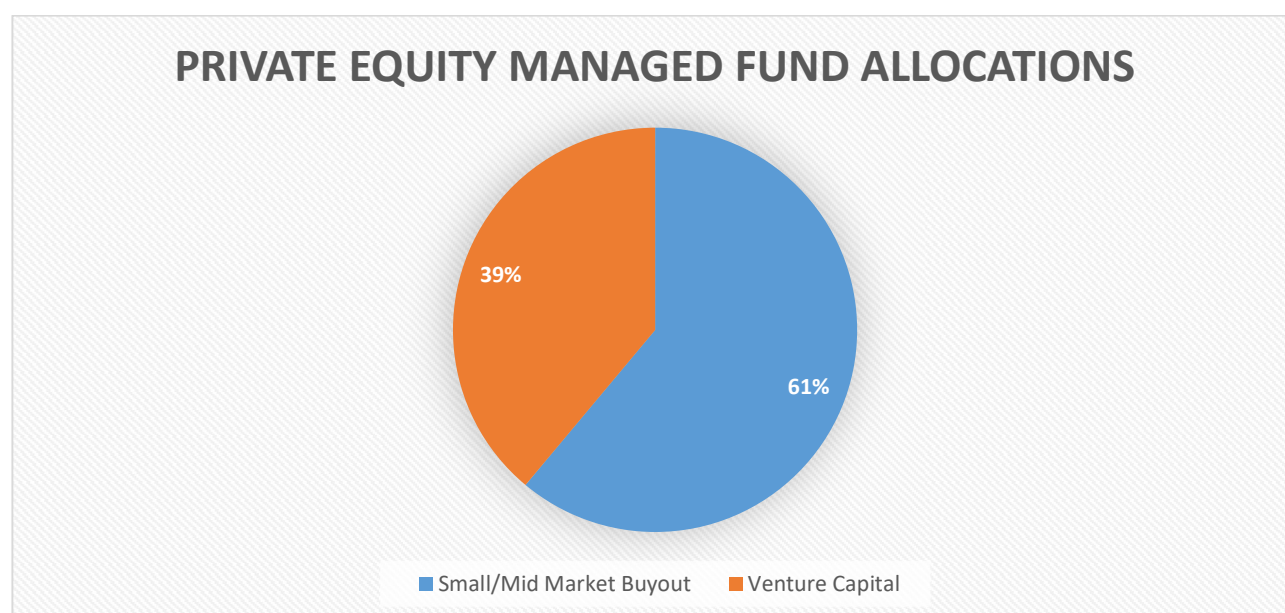
PRIVATE EQUITY MANAGED FUNDS

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 Gowings' private equity managed funds performed well providing \$0.3 million in income distributions from Five V. Overall valuations have remained consistent with 31 July 2020.

Five V Capital partially divested an investment in Universal Store upon successful IPO, a retail company with an online offering. This divestment delivered 2.4 times return on the investment.

At 31 January 2021 the overall value of the investment in private equity managed funds was \$5.1 million which is allocated into the following categories:



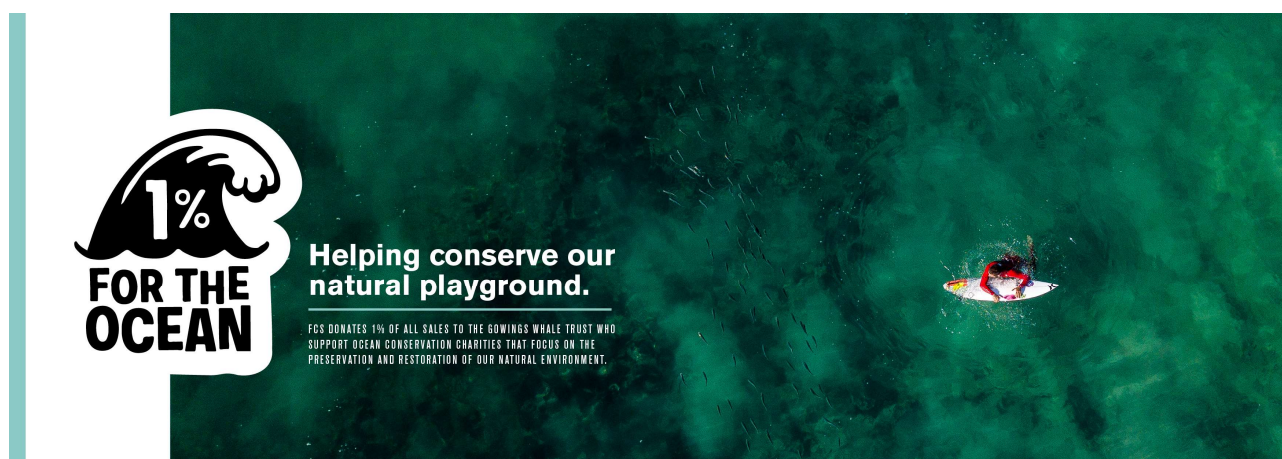
SURF HARDWARE INTERNATIONAL



Surf Hardware International (SHI) performed well during the first half generating sales of \$23 million, an 17% increase on the prior corresponding period.

While the impacts of the pandemic have been detrimental for many businesses, SHI has benefited from increasing rates of surfing participation and a demand for surf accessories & hardgoods.

A key focus on driving DTC online sales contributed to an improvement in gross margins and together with the strong sales result recorded and a prudent approach to expense management, the business generated Net Income of \$2.1 million (an improvement of \$3.1 million vs the prior corresponding period).



During the period, the business implemented a new initiative contributing 1% of total sales to the Gowings Whale Trust in order to support ocean conservation and the preservation and restoration of our natural environment.

A key focus for the upcoming period will be launching a new range of eco-blend products featuring recycled packaging & continuing to reduce the use of plastic across the business.

Despite some supply chain challenges, the launch of new summer product ranges and marketing initiatives in the northern hemisphere markets (USA, Europe and Japan) from March 2021 should continue to provide a platform for ongoing sales growth through the rest of the financial year.

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 29.

Dated this 25th day of March 2021 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 2021

	Notes	31 Jan 2021	31 Jan 2020
		\$'000	\$'000
Revenue			
Interest income		104	113
Equities		284	367
Private equities		333	563
Investment properties		9,117	10,368
Development Properties		-	2,277
Sale of goods (Surf Hardware International)		22,848	19,453
Total revenue		32,686	33,141
Other Income			
Gains on disposal or revaluation of:			
- Private equities		-	1,217
- Investment properties		-	2,142
- Derivatives		587	35
- Other		601	313
Total revenue and other income		33,874	36,848
Expenses			
Investment properties		3,430	4,199
Development properties		-	1,541
Finished goods, raw materials and other operating costs (Surf Hardware International)		20,352	19,877
Administration		840	988
Borrowing costs		2,118	2,496
Depreciation and amortisation		825	785
Employee benefits		186	1,042
Public company		265	209
Total expenses		28,016	31,137
Profit before income tax		5,858	5,711
Income tax expense	3	(842)	(2,054)
Profit from continuing operations		5,016	3,657
<i>Profit from continuing operations is attributable to:</i>			
Members of Gowings Bros. Limited		5,015	3,659
Non-controlling interests		1	(2)
Profit from continuing operations		5,016	3,657

The consolidated statement of profit or loss should be read in conjunction with the notes as set out on pages 17 to 27.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 JANUARY 2021

	Notes	31 Jan 2021	31 Jan 2020
		\$'000	\$'000
Profit from continuing operations		5,016	3,657
Other Comprehensive Income			
<i>Items that will be reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations, net of tax		(329)	59
<i>Items that will not be reclassified to profit or loss:</i>			
Changes in fair value of equity instruments at fair value through other comprehensive income, net of tax		2,266	(574)
Total Comprehensive Income		6,953	3,142
Total comprehensive income attributable to:			
Members of Gowing Bros. Limited		6,952	3,144
Non-controlling interests		1	(2)
Total Comprehensive Income		6,953	3,142
Basic and diluted earnings per share	9	9.3c	6.8c

The consolidated statement of comprehensive income should be read in conjunction with the notes as set out on pages 17 to 27.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 JANUARY 2021

	Note	31 Jan 2021	31 Jul 2020
		\$'000	\$'000
Current Assets			
Cash and cash equivalents		27,286	18,599
Held for sale assets	4	7,062	-
Trade and other receivables		4,914	7,412
Inventories		5,843	5,095
Other		897	1,166
Total Current Assets		46,002	32,272
Non-Current Assets			
Trade and other receivables		63	62
Loans receivable		3,100	2,700
Equities		35,263	32,265
Private equities		5,065	4,751
Development properties		17,398	16,117
Investment properties	5	203,250	202,442
Property plant and equipment		1,285	8,504
Right of use assets		2,171	2,802
Deferred tax assets		2,716	3,610
Intangibles		4,459	4,485
Other		1,676	1,769
Total Non-Current Assets		276,446	279,507
Total Assets		322,448	311,779
Current Liabilities			
Trade and other payables		5,146	5,042
Borrowings	6	1,593	1,824
Lease liabilities		1,013	1,030
Derivatives		-	1,439
Current tax liabilities		4,567	5,032
Provisions		1,226	1,402
Total Current Liabilities		13,545	15,769
Non-Current Liabilities			
Trade and other payables		134	169
Borrowings	6	94,309	84,386
Lease liabilities		1,357	1,970
Derivatives		-	2,878
Provisions		400	482
Deferred tax liabilities		23,435	22,050
Total Non-Current Liabilities		119,635	111,935
Total Liabilities		133,180	127,704
Net Assets		189,268	184,075
Equity			
Contributed equity		12,744	12,895
Reserves	7	97,088	95,151
Retained profits	8	79,437	76,031
Contributed Equity & Reserves attributable to members of Gowing Bros. Ltd		189,269	184,077
Non-controlling interests		(1)	(2)
Total Equity		189,268	184,075

The consolidated statement of financial position should be read in conjunction with the notes as set out on pages 17 to 27.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 JANUARY 2021

	Contributed Equity \$'000	Capital Profits Reserve- Pre CGT Profits \$'000	Foreign Currency Translation Reserve \$'000	Revaluation Reserves \$'000	Retained Profits \$'000	Non- Controlling Interests \$'000	Total \$'000
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
Balance at 1 August 2020	12,895	90,503	197	4,451	76,031	(2)	184,075
Total comprehensive income for the half-year	-	-	(329)	2,266	5,015	1	6,953
Transactions with owners in their capacity as owners:							
- Share buy-back	(151)	-	-	-	-	-	(151)
- Dividends paid	-	-	-	-	(1,609)	-	(1,609)
Balance at 31 January 2021	12,744	90,503	(132)	6,717	79,437	(1)	189,268

The consolidated statement of changes in equity should be read in conjunction with the notes as set out on pages 17 to 27.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 JANUARY 2021

	31 Jan 2021	31 Jan 2020
	\$'000	\$'000
Cash Flows from Operating Activities		
Receipts in the course of operations (inclusive of GST)	37,873	35,823
Payments to suppliers and employees (inclusive of GST)	(28,537)	(29,684)
Dividends received	617	367
Interest received	104	113
Borrowing costs paid	(2,118)	(2,495)
Net Cash inflow from Operating Activities	7,939	4,124
Cash Flows from Investing Activities		
Payments for purchases of property, plant and equipment	(119)	(480)
Payments for purchases of equity investments	(2,183)	(4,395)
Payments for purchases of investment properties	(1,080)	(2,765)
Payments for purchases of development properties	(1,281)	(1,116)
Payments for loans made	(400)	-
Proceeds from sale of equity investments	2,122	-
Proceeds from sale of financial assets	-	978
Proceeds from sale of investment properties	-	30,252
Proceeds from sale of development properties	-	2,277
Net Cash (outflow)/inflow from Investing Activities	(2,941)	24,751
Cash Flows from Financing Activities		
Payment for share buy backs	(151)	(233)
Repayment of borrowings	(308)	(28,486)
Proceeds from borrowings	10,000	6,424
Payment for termination of derivative	(3,730)	-
Repayment of lease liability	(513)	(460)
Dividends paid	(1,609)	(2,697)
Net Cash inflow/(outflow) from Financing Activities	3,689	(25,452)
Net increase in cash and cash equivalents	8,687	3,423
Cash and cash equivalents at the beginning of the half-year	18,599	11,314
Cash and cash equivalents at the end of the half-year	27,286	14,737

The consolidated statement of cash flows should be read in conjunction with the notes as set out on pages 17 to 27.

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 2020 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 (fair value) and non-current assets held for sale (the lower of their carrying amount and fair value less costs to sell).

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 2020 except for the new accounting policy stated below.

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell and not depreciated or amortised while they are classified as held for sale.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of derecognition.

Non-current assets classified as held for sale are presented separately from the other assets in the consolidated statement of financial position (as "Held for sale assets").

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 adoption of new or 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 2021	31 Jan 2020
	\$'000	\$'000
Segment revenue		
Cash and fixed interest – interest received	104	113
Equities – dividends and options income received	284	367
Private equities – distributions received	333	563
Investment properties – rent received	9,117	10,368
Development properties – land development sales	-	2,277
Surf Hardware International business – sale of goods	22,848	19,453
Total segment revenue	32,686	33,141
Segment other income		
Private equities – unrealised fair value/ realised gains/(losses)	-	1,217
Investment properties – unrealised fair value/realised gains/(losses)	-	2,142
Other	1,188	348
Total other income	1,188	3,707
Total segment revenue and other income	33,874	36,848
Segment result		
Cash and fixed interest	104	113
Equities	284	367
Private equities	333	1,780
Investment properties	3,715	6,361
Development properties	-	736
Surf Hardware International business	2,142	(928)
Other	(720)	(2,718)
Total segment result	5,858	5,711
Income tax expense	(842)	(2,054)
Net profit after tax	5,016	3,657

NOTES TO THE INTERIM FINANCIAL STATEMENTS

2. SEGMENT INFORMATION (CONTINUED)

Inter-segment revenue

There were no inter-segment revenues 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 2021	31 Jan 2020
	\$'000	\$'000
Australia	17,967	19,020
United States of America	6,758	5,967
Japan	3,590	3,016
Europe	3,650	4,095
Total revenue from external customers	31,965	32,098

As at	31 Jan 2021	31 Jul 2020
	\$'000	\$'000
Segment assets		
Cash and fixed interest	27,286	18,599
Equities	35,263	32,265
Private equities	5,065	4,751
Investment properties	203,250	202,442
Development properties	17,398	16,117
Surf Hardware International business	15,537	18,814
Unallocated assets	18,649	18,791
Total assets	322,448	311,779

Segment liabilities		
Investment properties	91,400	81,525
Surf Hardware International business	6,597	7,959
Unallocated liabilities	35,183	38,220
Total liabilities	133,180	127,704

Non-current assets by geographical region		
Australia	266,580	269,328
United States of America	8,523	8,951
Japan	697	829
Europe	646	399
Total non-current assets	276,446	279,507

NOTES TO THE INTERIM FINANCIAL STATEMENTS

3. INCOME TAX

	31 Jan 2021	31 Jan 2020
	\$'000	\$'000
Prima facie tax expense on the net profit at 30% (2020: 30%)	1,757	1,713
Tax effect of:		
Over provision in prior year	(273)	(1,019)
Deferred tax asset (previously not recognised)/not recognised	(685)	432
Non-deductible expenses / assessable income	93	1,030
Franked dividends	(50)	(102)
Income tax expense	842	2,054

4. HELD FOR SALE ASSETS

	31 Jan 2021	31 Jul 2020
	\$'000	\$'000
Held for sale assets – at carrying amount	7,062	-

In September 2020 the directors resolved to sell the Group's former Pymont head office premises ("the properties"). Subsequent to the end of the half-year, in March 2021, a sale contract for the properties exchanged and settlement is expected to occur in April 2021.

The properties are presented within the unallocated assets segment in Note 2.

5. NON-CURRENT INVESTMENT PROPERTIES

	31 Jan 2021	31 Jul 2020
	\$'000	\$'000
Land and buildings – at fair value		
At fair value		
Balance at beginning of period	202,442	232,016
Additions	1,080	2,447
Disposal (proceeds)	-	(32,452)
Net gain on disposal	-	2,115
Amortisation on incentives	(272)	(725)
Net loss from fair value adjustment	-	(959)
Balance at end of period	203,250	202,442

NOTES TO THE INTERIM FINANCIAL STATEMENTS

5. NON-CURRENT INVESTMENT PROPERTIES(CONTINUED)

	31 Jan 2021	31 Jan 2020
	\$'000	\$'000
Amounts recognised in profit or loss for investment purposes		
Rental revenue	9,117	10,368
Direct operating expenses from rental generating properties	(3,430)	(4,199)
Direct finance expenses from rental generating properties	(1,972)	(1,950)
Realised gains on investment properties	-	2,134
Gain on revaluation	-	8
Total	3,715	6,361

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

	Valuation Method	Weighted average cap Rate	31 Jan 2021	31 Jul 2020
			\$'000	\$'000
Sub-regional Shopping Centres (Coffs Central and Port Central)	(a)	6.75%	178,979	178,277
Neighbourhood Shopping Centres (Kempsey Central)	(a)	8.0%	19,969	19,854
Other Properties	(b)		4,302	4,311
Total			203,250	202,442

- (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.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

6. BORROWINGS

	31 Jan 2021	31 Jul 2020
	\$'000	\$'000
CURRENT		
Bills payable – secured	1,225	1,350
Market rate loan facility – secured	365	336
Commercial advance facility – secured	3	127
Other	-	11
	1,593	1,824
NON - CURRENT		
Bills payable - secured	94,309	84,310
Market rate loan facility – secured	-	76
	94,309	84,386

7. RESERVES

	31 Jan 2021	31 Jul 2020
	\$'000	\$'000
Capital profits reserve – pre CGT profits	90,503	90,503
Foreign currency translation reserve	(132)	197
Asset revaluation reserve	1,591	1,591
Long term investment revaluation reserve - equities	5,126	2,860
Total Reserves	97,088	95,151

8. RETAINED PROFITS

	31 Jan 2021	31 Jul 2020
	\$'000	\$'000
Retained profits at the beginning of the financial period	76,031	77,042
Net profit attributable to members of Gowing Bros. Limited	5,015	4,747
Transfer realised loss on equity investments, net of tax	-	(371)
Dividends provided for or paid	(1,609)	(5,387)
Retained Profits at end of the financial period	79,437	76,031

NOTES TO THE INTERIM FINANCIAL STATEMENTS

9. EARNINGS PER SHARE (EPS)

	31 Jan 2021	31 Jan 2020
	\$'000	\$'000
Earnings reconciliation:		
Basic and diluted earnings (Net profit) – Members of Gowing Bros. Limited	5,015	3,659
	Total No.	Total No.
Weighted average number of ordinary shares on issue used in the calculation of basic and diluted earnings per share.	53,687,224	53,887,819
Basic and diluted earnings per share	9.3c	6.8c

At balance date there were no options on issue.

10. NET TANGIBLE ASSET BACKING

	31 Jan 2021	31 Jul 2020
NTA per ordinary share after allowing for tax on unrealised capital gains*	\$3.53	\$3.42
NTA per ordinary share before allowing for tax on unrealised capital gains*	\$3.76	\$3.64

* Unrealised capital gains comprise 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

11. 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 2021 and 31 July 2020.

31 January 2021	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial assets designed at fair value through other comprehensive income				
Investments – Australian equities	14,686	-	15,654	30,340
Investments – global equities	-	-	4,923	4,923
Financial assets designated at fair value through profit or loss				
Investments – private equities	-	-	5,065	5,065
Investments – properties	-	-	203,250	203,250
Total net financial assets and financial liabilities	14,686	-	228,892	243,578

31 July 2020	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Financial assets designated at fair value through other comprehensive income				
Investments – Australian equities	11,419	--	15,923	27,342
Investments – global equities	-	-	4,923	4,923
Financial assets designated at fair value through profit or loss				
Investments – private equities	-	-	4,751	4,751
Investments – investment properties	-	-	202,442	202,442
Other assets – designated at fair value				
Freehold - properties	-	-	7,061	7,061
Financial liabilities – designated at fair value through profit or loss				
Derivatives	-	(4,317)	-	(4,317)
Total net financial assets and financial liabilities	11,419	(4,317)	235,100	242,202

Please refer to Note 11(c) for details of transfers between level 1, level 2, and level 3 assets.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

11. 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 2021:

	Unlisted Equities	Global Equities	Private Equities	Freehold Properties	Investment Properties	31 Jan 2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening balance 1 August 2020	15,923	4,923	4,751	7,061	202,442	235,100
Transfer (to)/from level 1	(949)	-	-	-	-	(949)
Transfer (to)/from held-for-sale	-	-	-	(7,061)	-	(7,061)
Total gains and (loss) recognised in profit and loss - unrealised	-	-	-	-	-	-
Total gains and (loss) recognised in profit and loss - realised	-	-	-	-	-	-
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	680	-	360	-	808	1,848
Sales proceeds	-	-	(46)	-	-	(46)
Closing balance 31 January 2021	15,654	4,923	5,065	-	203,250	228,892

12. DIVIDENDS

	Cents per Share	Total	Date
The following dividends were paid by the Company:		\$'000	
Final dividend 31 July 2020	3.0c	(1,609)	29 Oct 2020
Since the end of the period, the directors resolved to pay the following dividend			
Interim dividend 31 January 2021	4.0c	(2,146)	23 April 2021

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 2021 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

13. INTERESTS IN JOINT VENTURES

The Group also has an interest in the following joint venture operation:

	% OF OWNERSHIP HELD AT END OF PERIOD		CONTRIBUTION TO NET PROFIT (LOSS)	
	31-Jan-21	31-Jul-20	31-Jan-21	31-Jan-20
	%	%	\$'000	\$'000
Regional Retail Properties	50	50	96	74
Total	50	50	96	74

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

	TOTAL NO.
Ordinary Securities:	
Opening Balance	53,746,240
15 October 2020 – Share buy back	(100,000)
Closing Balance	53,646,240

15. COMMENTS BY DIRECTORS

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

Nil.

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

The Group has sufficient franking credits (\$6.45 million) to fully frank all dividends that have been declared.

16. COMMITMENTS FOR EXPENDITURE

Capital commitments

The Group has uncalled capital commitments of up to \$0.6 million in relation to private equity investments held at period end.

The Group has uncalled construction commitments of \$0.8 million in relation to investment properties held at period end.

17. SUBSEQUENT EVENTS

The pandemic continues to have 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 the pandemic as it evolves on a daily basis.

At the date of these interim financial statements, the extent of the remaining impact the pandemic 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 the pandemic detailed above, the dividend declared since the end of the half-year included in Note 12 and the exchange of a contract pertaining to the sale of the Group's former Pymont head office premises included in Note 4, 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 12 to 27 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 2021 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

25 March 2021

Auditor's Independence Declaration

To the Directors of Gowings 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 2021, 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
25 March 2021

K L Luong
Partner

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Independent Auditor's Review Report To The Members Of Gowing Bros. Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Gowing Bros. Limited ("the company"), which comprises the consolidated statement of financial position as at 31 January 2021, the consolidated statement of profit or loss, the consolidated statement of other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 January 2021 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*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the Directors for the 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 for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 2021 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*.

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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.



HLB Mann Judd
Chartered Accountants

Sydney, NSW
25 March 2021



K L Luong
Partner