



GOWING BROS
Investing together for a secure future

Appendix 4E

Preliminary Final Report for the Year Ended 31 July 2011

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RESULTS FOR ANNOUNCEMENT TO THE MARKET

The reporting period is the year ended 31 July 2011 with the previous corresponding period being the year ended 31 July 2010.

| Shareholder Returns | Before tax on unrealised gains | After tax on unrealised gains |
|---|-----------------------------------|----------------------------------|
| Net tangible assets per share as at 31 July 2010 | \$3.09 | \$3.04 |
| Net tangible assets per share as at 31 July 2011 | \$3.11 | \$3.07 |
| + Underlying increase in net assets | \$0.02 | \$0.03 |
| + Ordinary dividend paid | \$0.105 | \$0.105 |
| Total Return | \$0.125 | \$0.135 |
| Total Return % | 4.0% | 4.4% |
| <i>S&P ASX 200 Accumulation Index</i> | <i>2.7%</i> | <i>2.7%</i> |

Gowings achieved a total shareholder return for the year ending 31 July 2011 of 4.0% (a/tax: 4.4%) during an uncertain period in which the market returned only 2.7% as per the table above.

Gowings total return is after all internal management and operating expenses and taxes paid.

Net assets per share as at 31 July 2011 was \$3.11 (2010: \$3.09) 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 \$3.07 per share (2010: \$3.04).



RESULTS FOR ANNOUNCEMENT TO THE MARKET

| For the year ended | 31 July 2011 | 31 July 2010 | Year on Year |
|--|---------------|---------------|--------------|
| | (\$'000) | (\$'000) | Movement |
| Recurring Revenue | | | % |
| Interest income | 1,181 | 1,468 | (20%) |
| Listed equities | 2,758 | 2,752 | 0% |
| Private equities | 183 | 520 | (65%) |
| Investment property | 12,377 | 6,325 | 96% |
| Other revenue | - | 2 | (100%) |
| Total Recurring Revenue | 16,499 | 11,067 | 49% |
| Expenses | | | |
| Investment property expenses | 3,825 | 1,939 | 97% |
| Borrowing cost expenses | 2,757 | 2,044 | 35% |
| Administration & Public Company Expenses | 2,126 | 1,996 | 6.5% |
| Total Expenses | 8,708 | 5,979 | 46% |
| Net Recurring Income | 7,791 | 5,088 | 53% |

Comments:

Total revenues increased by 49% to \$16.5 million (2010: \$11 million) following a full 12 month contribution from the newly acquired shopping centres.

Recurring earnings (rent, dividends, interest and other income less expenses) increased by 53% to \$7.8 million (2010: 5.1 million).

Total comprehensive income on Page 4, which includes gains and losses from realised disposals and unrealised revaluations decreased by 15.7% to \$5.7 million (2010: \$6.8 million) due to:

- Lower gains on disposal of listed equities of \$0.5 million (2010: \$4.9 million)
- Increased gains on disposal or revaluation of investment properties of \$1.3 million (2010: \$0.3 million)
- Realised and unrealised foreign currency losses of \$1.1 million (2010: \$0.2 million)
- Lower unrealised impairments on listed equities of \$1.6 million (2010: \$3.6 million)

Dividends:

The Directors have declared a fully franked ordinary final dividend of 5.5c (2010: 5.0c) being a 10% increase on the prior period based on the strong underlying income of the operating business.

The 5.5c fully franked ordinary dividend has a record date of 7 October 2011 payable on 21 October 2011.



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STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JULY 2011

| | Notes | 31 July 2011 \$000 | 31 July 2010 \$000 |
|---|-------|-----------------------|-----------------------|
| Revenue | | | |
| Interest income | | 1,181 | 1,468 |
| Listed equities | | 2,758 | 2,752 |
| Private equities | | 183 | 520 |
| Investment properties | | 12,377 | 6,325 |
| Other revenue | | - | 2 |
| Total revenue | 2 | 16,499 | 11,067 |
| Other income | | | |
| Gains (losses) on disposal or revaluation of: | | | |
| - Listed equities | | 473 | 4,922 |
| - Private equities | | 819 | 839 |
| - Investment properties | | 1,338 | 297 |
| - Development properties | | 133 | 100 |
| FX gains (losses) | | (1,129) | 196 |
| Other income | | 70 | 61 |
| Total other income | 2 | 1,704 | 6,415 |
| Total revenue and other income | | 18,203 | 17,482 |
| Expenses | | | |
| Investment property related expenses | | 3,825 | 1,939 |
| Administration expenses | | 282 | 256 |
| Borrowing cost expenses | | 2,757 | 2,044 |
| Depreciation expenses | | 96 | 78 |
| Employee expenses | | 1,447 | 1,311 |
| Public company expenses | | 301 | 351 |
| Total expenses | | 8,708 | 5,979 |
| Profit from continuing operations before impairment and income tax | | 9,495 | 11,503 |
| Impairment | | | |
| Unrealised impairment Listed equities | | 1,622 | 3,552 |
| Total Impairment | | 1,622 | 3,552 |
| Profit before income tax expense | 3 | 7,873 | 7,951 |
| Income tax (expense) benefit | 4 | (1,332) | (1,376) |
| Profit from continuing operations | 5 | 6,541 | 6,575 |
| <i>Basic and diluted earnings per share</i> | 6 | <i>13.21c</i> | <i>13.85c</i> |
| Other comprehensive income | | | |
| Net increase (decrease) in fair value of investments net of tax | | (769) | 271 |
| Total comprehensive income | | 5,772 | 6,846 |

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



Appendix 4E

BALANCE SHEET

AS AT 31 JULY 2011

| | Notes | 31 July 2011 \$000 | 31 July 2010 \$000 |
|--|-------|-----------------------|-----------------------|
| Current assets | | | |
| Cash and cash equivalents | | 27,736 | 30,882 |
| Trade and other receivables | | 535 | 155 |
| Investment properties | | 3,650 | 1,554 |
| Other | | 683 | 718 |
| Total current assets | | 32,604 | 33,309 |
| Non-current assets | | | |
| Receivables | | 10 | 12 |
| Investments - listed Australian equities | | 35,567 | 35,780 |
| Investments - listed global equities | | 628 | 1,569 |
| Investments - private equities | | 14,286 | 16,132 |
| Investment properties | | 95,717 | 94,359 |
| Development properties | | 2,354 | 1,978 |
| Property, plant and equipment | | 3,301 | 3,322 |
| Deferred tax assets | | 7,485 | 6,480 |
| Other | | 331 | 331 |
| Total non-current assets | | 159,679 | 159,963 |
| Total assets | | 192,283 | 193,272 |
| Current liabilities | | | |
| Trade and other payables | | 1,390 | 1,103 |
| Borrowings | | 2,136 | 10 |
| Tax liabilities | | 996 | 1,768 |
| Other liabilities | | 118 | 205 |
| Total current liabilities | | 4,640 | 3,086 |
| Non-current liabilities | | | |
| Payables | | 62 | 62 |
| Borrowings | | 33,034 | 35,370 |
| Deferred tax liabilities | | 4,126 | 2,788 |
| Provisions | | 117 | 244 |
| Total non-current liabilities | | 37,339 | 38,464 |
| Total liabilities | | 41,979 | 41,550 |
| Net assets | | 150,304 | 151,722 |
| Equity | | | |
| Issued capital | | 13,294 | 15,294 |
| Reserves | | 95,141 | 95,910 |
| Retained profits | 5 | 41,869 | 40,518 |
| Total equity | | 150,304 | 151,722 |

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



STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JULY 2011

| | 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 2009 | (895) | 90,503 | 5,136 | 40,696 | 135,440 |
| Total comprehensive income for the year | - | - | 271 | 6,575 | 6,846 |
| Transactions with owners in their capacity as owners: | | | | | |
| Contributions of equity, net of transaction costs | 16,189 | - | - | - | 16,189 |
| Dividends paid | - | - | - | (6,753) | (6,753) |
| | 16,189 | - | - | (6,753) | 9,436 |
| Balance at 31 July 2010 | 15,294 | 90,503 | 5,407 | 40,518 | 151,722 |
| Total comprehensive income for the year | - | - | (769) | 6,541 | 5,772 |
| Transactions with owners in their capacity as owners: | | | | | |
| Buy-back of shares | (2,000) | - | - | - | (2,000) |
| Dividends paid | - | - | - | (5,190) | (5,190) |
| | (2,000) | - | - | (5,190) | (7,190) |
| Balance at 31 July 2011 | 13,294 | 90,503 | 4,638 | 41,869 | 150,304 |

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

**STATEMENT OF CASH FLOWS**

FOR THE YEAR ENDED 31 JULY 2011

| | 31 July 2011 | 31 July 2010 |
|--|----------------|----------------|
| | \$000 | \$000 |
| Cash flows from operating activities | | |
| Receipts in the course of operations (inclusive of GST) | 13,445 | 6,841 |
| Payments to suppliers and employees (inclusive of GST) | (4,851) | (3,731) |
| Dividends received | 2,941 | 3,444 |
| Interest received | 1,244 | 2,296 |
| Borrowing costs | (2,695) | (2,069) |
| Income taxes paid | (1,782) | (3,647) |
| Net cash inflow (outflow) from operating activities | 8,302 | 3,134 |
| Cash flows from investing activities | | |
| Payments for purchases of property, plant and equipment | (75) | (40) |
| Payments for the purchases of development properties | (1,377) | (350) |
| Payments for the purchases of investment properties | (2,135) | (87,886) |
| Payments for purchases of equity investments | (12,467) | (40,167) |
| Proceeds from sale of equity investments | 10,858 | 115,927 |
| Proceeds from sale of property and other assets | 1,152 | 3,671 |
| Net outflow inflow from investing activities | (4,044) | (8,845) |
| Cash flows from financing activities | | |
| Proceeds from borrowings | - | 33,014 |
| Proceeds from shares issued | - | 14,061 |
| Payments for shares bought back | (2,000) | - |
| Repayment of borrowings | (214) | (11,828) |
| Dividends paid | (5,190) | (4,626) |
| Net cash inflow (outflow) from financing activities | (7,404) | 30,621 |
| Net increase (decrease) in cash held | (3,146) | 24,910 |
| Cash at the beginning of the period | 30,882 | 5,972 |
| Cash and cash equivalents at the end of the period | 27,736 | 30,882 |



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 (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 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 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 2011 | 31 July 2010 |
|--|---------------|---------------|
| | \$000 | \$000 |
| 2. SEGMENT INFORMATION | | |
| Segment revenue | | |
| Cash and fixed interest – interest received | 1,181 | 1,468 |
| Listed equities – dividends and option income | 2,758 | 2,752 |
| Private equities – distributions received | 183 | 520 |
| Investment properties – rent received | 12,377 | 6,325 |
| Other | - | 2 |
| | 16,499 | 11,067 |
| Segment other income | | |
| Listed equities – realised gains on disposal | 473 | 4,922 |
| Private equities – unrealised fair value gains | 819 | 839 |
| Investment properties – realised gain on disposal | (35) | 124 |
| Investment properties – unrealised fair value gains | 1,373 | 173 |
| Development properties – realised gains on disposal | 133 | 100 |
| Other | (1,059) | 257 |
| | 1,704 | 6,415 |
| Total segment revenue and income | 18,203 | 17,482 |
| Segment result | | |
| Cash and fixed interest | 1,181 | 1,468 |
| Listed equities | 1,609 | 4,121 |
| Private equities | 1,002 | 1,307 |
| Investment properties | 7,157 | 2,756 |
| Development properties | 118 | 38 |
| Other | (3,195) | (1,739) |
| | 7,872 | 7,951 |
| Income tax (expense) credit | (1,332) | (1,376) |
| Net profit after tax | 6,541 | 6,575 |
| 3. OPERATING PROFIT | | |
| Profit from continuing operations before income tax expense includes the following specific items: | | |
| Depreciation | 96 | 78 |
| Interest expense | 2,757 | 2,044 |



NOTES TO THE FINANCIAL STATEMENTS

| | 31 July 2011 | 31 July 2010 |
|--|---------------|---------------|
| | \$000 | \$000 |
| 4. INCOME TAX | | |
| Prima facie tax expense on the net profit at 30% | 2,361 | 2,385 |
| Tax effect of permanent differences: | | |
| Non-assessable income | (1) | (62) |
| Franked dividends | (687) | (837) |
| Under/(over) provision for taxable income in prior year | (341) | (110) |
| | 1,332 | 1,376 |
| 5. RETAINED PROFITS | | |
| Retained profits at the beginning of the financial year | 40,518 | 40,696 |
| Net profit attributable to members of Gowing Bros. Limited | 6,541 | 6,575 |
| Dividends provided for or paid | (5,190) | (6,753) |
| | 41,869 | 40,518 |
| 6. EARNINGS PER SHARE (EPS) | | |
| Earnings reconciliation: | | |
| Net profit | 6,541 | 6,575 |
| Basic and diluted earnings | 6,541 | 6,575 |
| Weighted average number of ordinary shares on issue used in the calculation of basic and diluted earnings per share. | 49,522,046 | 47,476,364 |
| At balance date there were no options on issue. | | |



NOTES TO THE FINANCIAL STATEMENTS

| | 31 July 2011 | 31 July 2010 |
|--|--------------|--------------|
| | \$000 | \$000 |

7. NTA BACKING

| | | |
|--|--------|--------|
| NTA per ordinary security before tax on unrealised gains | \$3.11 | \$3.09 |
| NTA per ordinary security after tax on unrealised gains | \$3.07 | \$3.04 |

The company is a long term investor and does not intend to dispose of its investment portfolio. Valuations are based on managements' estimation of market values with reference to ASX prices, 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:

| | | | |
|----------------------------------|------|-------|-----------------|
| Interim dividend 31 January 2011 | 5.5c | 2,695 | 21 April 2011 |
| Final dividend 31 July 2010 | 5.0c | 2,495 | 22 October 2010 |
| Interim dividend 31 January 2010 | 5.0c | 2,495 | 23 April 2010 |

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

| | | |
|-----------------------------|------|-----------------|
| Final Dividend 31 July 2011 | 5.5c | 21 October 2011 |
|-----------------------------|------|-----------------|

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

The Dividend Reinvestment Plan (DRP) will be suspended for the current dividend.



NOTES TO THE FINANCIAL STATEMENTS

9. 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 July 2011 % | 31 July 2010 % | 31 July 2011 \$000 | 31 July 2010 \$000 |
| Joint Ventures: | | | | |
| Bunya Pines Estate Joint Venture | 50 | 50 | - | (17) |
| Regional Retail Properties | 50 | 50 | 56 | 145 |
| Elrington Partnership | 50 | 50 | 110 | 11 |
| Yarrowonga Joint Venture | 50 | 50 | 121 | 55 |
| | | | 287 | 194 |

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

| | 2011 No. | 2010 No. |
|-------------------------------------|-------------------|-------------------|
| Ordinary Securities: | | |
| Opening balance | 49,892,213 | 42,588,378 |
| Increase dividend reinvestment plan | - | 1,759,849 |
| Buyback | (888,888) | - |
| Increase rights issue | - | 5,543,986 |
| | 49,003,325 | 49,892,213 |

11. COMMENTS BY DIRECTORS

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

As noted above, the increase in revenue and expenses is primarily due to a full 12 months contribution from investment properties and individual gains or losses on disposal or revaluation of long term assets.

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.

Financial markets have continued to decline after year end. Significant movements in share prices may have a material effect on the value of the portfolio.

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

The Company has sufficient franking credits (\$13.1 million) to fully frank all dividends that have been declared.

Annual Meeting

The Annual Meeting will be held on Thursday, 24 November 2011.