



GOWING BROS
Investing together for a secure future

Appendix 4E

Preliminary Final Report for the Year Ended 31 July 2012

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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.

The reporting period is the year ended 31 July 2012 with the previous corresponding period being the year ended 31 July 2011.

| Shareholder Returns | Before tax on unrealised gains | After tax on unrealised gains |
|---|-----------------------------------|----------------------------------|
| Net tangible assets per share as at 31 July 2011 | \$3.11 | \$3.07 |
| Net tangible assets per share as at 31 July 2012 | \$3.11 | \$3.07 |
| + Underlying increase in net assets | \$0.00 | \$0.00 |
| + Ordinary dividend paid | \$0.11 | \$0.11 |
| Total Return | \$0.11 | \$0.11 |
| Total Return % | 3.5% | 3.6% |
| S&P ASX 200 Accumulation Index | 1.3% | 1.3% |

Comments:

Net tangible assets per share was \$3.11 as at 31 July 2012 (2011: \$3.11) 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 payable would be \$3.07 per share as at 31 July 2012 (2011: \$3.07).

Net tangible assets per share increased by 11c during the year less 11c paid in fully franked dividends to shareholders. The 11c represents a 3.5% total shareholder return during a challenging year in which the market (S&P ASX 200 Accumulation Index) returned only 1.3%. Shareholder returns are after all internal management costs, operating expenses and taxes paid.



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RESULTS FOR ANNOUNCEMENT TO THE MARKET

| For the year ended | 31 July 2012 | 31 July 2011 | Year on Year |
|--|---------------|---------------|--------------|
| | \$000 | \$000 | Movement |
| Revenue from ordinary activities before other income | | | |
| Investment property | 15,957 | 12,377 | 29% |
| Interest income | 778 | 1,181 | (34%) |
| Listed equities | 1,850 | 2,758 | (33%) |
| Private equities | 55 | 183 | (70%) |
| Total revenue from ordinary activities before other income | 18,640 | 16,499 | 13% |
| Expenses | | | |
| Investment property expenses | 5,625 | 3,825 | 47% |
| Borrowing cost expenses | 3,480 | 2,757 | 26% |
| Administration & public company expenses | 2,753 | 2,126 | 29% |
| Total expenses | 11,858 | 8,708 | 36% |
| Net revenue from ordinary activities before impairment and other income | 6,782 | 7,791 | (13%) |
| Other income | 1,331 | 1,704 | (22%) |
| Profit from continuing operations before impairment and income tax | 8,113 | 9,495 | (15%) |

Comments:

The Directors and management focus on the Company's underlying earnings from ordinary activities (i.e. rent, dividends, interest and other ordinary or regular income less operating expenses) before impairment and other income. Net income from ordinary activities before impairment and other income is the principal source of income used to pay ordinary dividends.

The Statement of Comprehensive Income providing further detail can be seen on Page 5 which also includes amounts from realised and unrealised gains or losses on the sale or revaluation of assets. The reported profit from continuing operations after tax attributable to members for the year ended 31 July 2012, which takes into account these other items, was down 9% to \$5.967 million.

The Directors are very pleased with the result which reflects 9 months' contribution from the newly acquired Coffs Central Shopping Centre. Significant progress has been made on the redevelopment of this shopping centre following the negotiated early release of Coles from the ground floor Harbour Drive high street frontage of the Centre. Indeed, several of the Company's new retail partners have commenced and nearly completed their fit outs of the newly renovated ex Coles space. Notable among the new retail partners are Kathmandu and Coopers Surf.



RESULTS FOR ANNOUNCEMENT TO THE MARKET

Comments (continued):

As well as a year of growth, it has been a year of consolidation following the earlier purchase of shopping centres in Port Macquarie, Kempsey and Moonee Beach.

This year's result included a number of one off items including gains on disposal of listed equities of \$1.4 million, a \$448k loss on devaluation of the Company's head office at Jones Bay Wharf, a prior period income tax amount of \$164k, a \$316k adjustment of prior period outgoing recoveries for a major tenant at Port Macquarie, lower dividend income derived from a smaller share portfolio and lower interest income of \$356k due to both lower cash balances and lower interest rates.

Post Balance Date Event:

In a prior year the Company invested \$5.0 million in a Collateralised Debt Obligation (CDO) known as the Coolangatta Note. Following the GFC and the insolvency of Lehman Bros. and the associated uncertainty regarding the likely realisation of this investment, the Directors resolved to write the value of the CDO down to zero in a prior year.

Immediately prior to and continuing past the 2012 financial year end, the Company has been in negotiations to sell the investment in the CDO to a foreign entity. In addition, the Directors understand that other owners of the same CDO as Gowings have been continuing negotiations to settle the current impasse over the distribution of the underlying collateral behind the CDO. The Directors of Gowings are cautiously optimistic that over the course of the next 6 to 12 months a material part of the investment will be recovered and brought to account.

Dividends:

The Directors have declared a fully franked ordinary final dividend of 5.5c (2011: 5.5c).

The 5.5c fully franked ordinary dividend has a record date of 10 October 2012 and is payable on 24 October 2012.



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STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JULY 2012

| | Notes | 31 July 2012 \$000 | 31 July 2011 \$000 |
|---|-------|-----------------------|-----------------------|
| Revenue | | | |
| Interest income | | 778 | 1,181 |
| Listed equities | | 1,850 | 2,758 |
| Private equities | | 55 | 183 |
| Investment properties | | 15,957 | 12,377 |
| Other revenue | | - | - |
| Total revenue | 2 | 18,640 | 16,499 |
| Other income | | | |
| Gains / (losses) on disposal or revaluation of: | | | |
| - Listed equities | | 1,364 | 473 |
| - Private equities | | (163) | 819 |
| - Investment properties (losses)/gains | | (148) | 1,338 |
| - Development properties | | 58 | 133 |
| FX gains / (losses) | | 668 | (1,129) |
| Other income | | (448) | 70 |
| Total other income | 2 | 1,331 | 1,704 |
| Total revenue and other income | | 19,971 | 18,203 |
| Expenses | | | |
| Investment property related expenses | | 5,625 | 3,825 |
| Administration expenses | | 501 | 282 |
| Borrowing cost expenses | 3 | 3,480 | 2,757 |
| Depreciation expenses | 3 | 120 | 96 |
| Employee expenses | | 1,813 | 1,447 |
| Public company expenses | | 319 | 301 |
| Total expenses | | 11,858 | 8,708 |
| Profit from continuing operations before impairment and income tax | | 8,113 | 9,495 |
| Impairment | | | |
| Unrealised impairment listed equities | | 236 | 1,622 |
| Total impairment | | 236 | 1,622 |
| Profit before income tax expense | | 7,877 | 7,873 |
| Income tax (expense) | 4 | (1,910) | (1,332) |
| Profit from continuing operations | 5 | 5,967 | 6,541 |
| <i>Basic and diluted earnings per share</i> | 6 | <i>12.18c</i> | <i>13.21c</i> |
| Other comprehensive income | | | |
| Net decrease in fair value of investments net of tax | | (367) | (769) |
| Total comprehensive income | | 5,600 | 5,772 |

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



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BALANCE SHEET

AS AT 31 JULY 2012

| | Notes | 31 July 2012 \$000 | 31 July 2011 \$000 |
|--|-------|-----------------------|-----------------------|
| Current assets | | | |
| Cash and cash equivalents | | 20,650 | 27,736 |
| Trade and other receivables | | 262 | 194 |
| Investment properties | | 3,650 | 3,650 |
| Other | | 1,327 | 1,024 |
| Total current assets | | 25,889 | 32,604 |
| Non-current assets | | | |
| Receivables | | 10 | 10 |
| Investments - listed Australian equities | | 23,586 | 35,567 |
| Investments - listed global equities | | 536 | 628 |
| Investments - private equities | | 11,957 | 14,286 |
| Investment properties | | 132,587 | 95,717 |
| Development properties | | 2,278 | 2,354 |
| Property, plant and equipment | | 2,950 | 3,301 |
| Deferred tax assets | | 7,247 | 7,485 |
| Other | | 1,597 | 331 |
| Total non-current assets | | 182,748 | 159,679 |
| Total assets | | 208,637 | 192,283 |
| Current liabilities | | | |
| Trade and other payables | | 3,039 | 1,390 |
| Borrowings | | 2,111 | 2,136 |
| Tax liabilities | | 361 | 996 |
| Other liabilities | | 168 | 118 |
| Total current liabilities | | 5,679 | 4,640 |
| Non-current liabilities | | | |
| Payables | | 62 | 62 |
| Borrowings | | 47,023 | 33,034 |
| Deferred tax liabilities | | 5,084 | 4,126 |
| Provisions | | 276 | 117 |
| Total non-current liabilities | | 52,445 | 37,339 |
| Total liabilities | | 58,124 | 41,979 |
| Net assets | | 150,513 | 150,304 |
| Equity | | | |
| Issued capital | | 13,294 | 13,294 |
| Reserves | | 94,774 | 95,141 |
| Retained profits | 5 | 42,445 | 41,869 |
| Total equity | | 150,513 | 150,304 |

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



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STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JULY 2012

| | 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 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 |
| Total comprehensive income for the year | - | - | (367) | 5,967 | 5,600 |
| Transactions with owners in their capacity as owners: | | | | | |
| Buy-back of shares | - | - | - | - | - |
| Dividends paid | - | - | - | (5,391) | (5,391) |
| | - | - | - | (5,391) | (5,391) |
| Balance at 31 July 2012 | 13,294 | 90,503 | 4,271 | 42,445 | 150,513 |

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 2012

| | 31 July 2012 | 31 July 2011 |
|--|-----------------|----------------|
| | \$000 | \$000 |
| Cash flows from operating activities | | |
| Receipts in the course of operations (inclusive of GST) | 17,578 | 13,445 |
| Payments to suppliers and employees (inclusive of GST) | (8,910) | (4,851) |
| Dividends received | 1,904 | 2,941 |
| Interest received | 741 | 1,244 |
| Borrowing costs | (3,360) | (2,695) |
| Income taxes paid | (1,193) | (1,782) |
| Net cash inflow from operating activities | 6,760 | 8,302 |
| Cash flows from investing activities | | |
| Payments for purchases of property, plant and equipment | (223) | (75) |
| Payments for the purchases of development properties | 92 | (1,377) |
| Payments for the purchases of investment properties | (37,011) | (2,135) |
| Payments for purchases of equity investments | - | (12,467) |
| Proceeds from sale of equity investments | 14,728 | 10,858 |
| Proceeds from sale of property and other assets | - | 1,152 |
| Net (outflow) from investing activities | (22,414) | (4,044) |
| Cash flows from financing activities | | |
| Proceeds from borrowings | 14,000 | - |
| Proceeds from shares issued | - | - |
| Payments for shares bought back | - | (2,000) |
| Repayment of borrowings | (41) | (214) |
| Dividends paid | (5,391) | (5,190) |
| Net cash inflow / (outflow) from financing activities | 8,568 | (7,404) |
| Net (decrease) in cash held | (7,086) | (3,146) |
| Cash at the beginning of the period | 27,736 | 30,882 |
| Cash and cash equivalents at the end of the period | 20,650 | 27,736 |

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 (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 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 2012 | 31 July 2011 |
|--|---------------|---------------|
| | \$000 | \$000 |
| 2. SEGMENT INFORMATION | | |
| Segment revenue | | |
| Cash and fixed interest – interest received | 778 | 1,181 |
| Listed equities – dividends and option income | 1,850 | 2,758 |
| Private equities – distributions received | 55 | 183 |
| Investment properties – rent received | 15,957 | 12,377 |
| Other | - | - |
| | 18,640 | 16,499 |
| Segment other income | | |
| Listed equities – realised gains on disposal | 1,364 | 473 |
| Private equities – unrealised fair value (losses) / gains | (163) | 819 |
| Investment properties – realised loss on disposal | - | (35) |
| Investment properties – unrealised fair value (losses) / gains | (148) | 1,373 |
| Development properties – realised gains on disposal | 58 | 133 |
| Other gains / (losses) | 220 | (1,059) |
| | 1,331 | 1,704 |
| Total segment revenue and income | 19,971 | 18,203 |
| Segment result | | |
| Cash and fixed interest | 778 | 1,181 |
| Listed equities | 2,978 | 1,609 |
| Private equities | (108) | 1,002 |
| Investment properties | 6,894 | 7,157 |
| Development properties | 42 | 118 |
| Other | (2,707) | (3,194) |
| | 7,877 | 7,873 |
| Income tax (expense) | (1,910) | (1,332) |
| Net profit after tax | 5,967 | 6,541 |
| 3. OPERATING PROFIT | | |
| Profit from continuing operations before income tax expense includes the following specific items: | | |
| Depreciation | 120 | 96 |
| Interest expense | 3,480 | 2,757 |



NOTES TO THE FINANCIAL STATEMENTS

| | 31 July 2012 | 31 July 2011 |
|--|---------------|---------------|
| | \$000 | \$000 |
| 4. INCOME TAX | | |
| Prima facie tax expense on the net profit at 30% | 2,363 | 2,361 |
| Tax effect of permanent differences: | | |
| Non-assessable income | (7) | (1) |
| Franked dividends | (471) | (687) |
| Under / (over) provision for taxable income in prior year | 25 | (341) |
| | 1,910 | 1,332 |
| 5. RETAINED PROFITS | | |
| Retained profits at the beginning of the financial year | 41,869 | 40,518 |
| Net profit attributable to members of Gowing Bros. Limited | 5,967 | 6,541 |
| Dividends provided for or paid | (5,391) | (5,190) |
| | 42,445 | 41,869 |
| 6. EARNINGS PER SHARE (EPS) | | |
| Earnings reconciliation: | | |
| Net profit | 5,967 | 6,541 |
| Basic and diluted earnings | 5,967 | 6,541 |
| Weighted average number of ordinary shares on issue used in the calculation of basic and diluted earnings per share. | 49,003,325 | 49,522,046 |
| At balance date there were no options on issue. | | |



NOTES TO THE FINANCIAL STATEMENTS

| | 31 July 2012 | 31 July 2011 |
|--|--------------|--------------|
| | \$000 | \$000 |

7. NTA BACKING

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

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, 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 2012 | 5.5c | 2,695 | 27 April 2012 |
| Final dividend 31 July 2011 | 5.5c | 2,695 | 21 October 2011 |
| Interim dividend 31 January 2011 | 5.5c | 2,695 | 21 April 2011 |

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

| | | |
|-----------------------------|------|-----------------|
| Final dividend 31 July 2012 | 5.5c | 24 October 2012 |
|-----------------------------|------|-----------------|

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 2012 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 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 2012 % | 31 July 2011 % | 31 July 2012 \$000 | 31 July 2011 \$000 |
| Joint Ventures: | | | | |
| Bunya Pines Estate Joint Venture | 50 | 50 | 10 | - |
| Regional Retail Properties | 50 | 50 | 5 | 56 |
| Elrington Partnership | 50 | 50 | 40 | 110 |
| Yarrowonga Joint Venture | 50 | 50 | 32 | 121 |
| | | | 87 | 287 |

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

| | 2012 No. | 2011 No. |
|----------------------|-------------------|-------------------|
| Ordinary securities: | | |
| Opening balance | 49,003,325 | 49,892,213 |
| Buy-back | - | (888,888) |
| | 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

Refer to Results For Announcement To The Market 31 July 2012.

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 (\$11.8 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, 22 November 2012 at Suite 21, Jones Bay Wharf, 26 – 32 Pirrama Road, Pymont NSW 2009.