



Enriching People's  
Lives, since 1868

## APPENDIX 4E | For the year ended 31 July 2021



GOWING BROS

Investing together for a secure future

Gowing Bros. Limited  
ABN 68 000 010 471  
Suite 303, Coffs Central  
35-61 Harbour Drive, Coffs Harbour NSW 2450  
T: 61 2 9264 6321 F: 61 2 9264 6240  
[www.gowings.com](http://www.gowings.com)

**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

The reporting period is the year ended 31 July 2021 with the previous corresponding period being the year ended 31 July 2020. This report is based on financial statements which are in the process of being audited.

		31 Jul 2021	31 Jul 2020
<b>REVENUE</b>			
Total Revenue <sup>(1)</sup>	Up 15%	\$71.2 million	\$61.8 million
Other income <sup>(2)</sup>	Up 103%	\$6.1 million	\$3.0 million
<b>EARNINGS</b>			
Profit after tax <sup>(3)</sup>	Up 121%	\$10.4 million	\$4.7 million
Earnings per share	Up 119%	19.35 c	8.82 c
<b>NET ASSETS PER SHARE</b>			
Before provision for tax on unrealised gains <sup>(4)</sup>	Up 7%	\$3.89	\$3.64
<b>DIVIDENDS – This Period</b>			
2021 Final fully franked dividend per share <sup>(5)</sup>		3 cents	
2021 Final fully franked special dividend per share <sup>(5)</sup>		1 cent	
2021 Interim fully franked dividend per share		3 cents	
2021 Interim fully franked special dividend per share		1 cent	
<b>DIVIDENDS – Prior Period</b>			
2020 Final fully franked dividend per share <sup>(6)</sup>		3 cents	
2020 Interim fully franked special dividend per share		5 cents	

**COMMENTS**

- (1) Total Revenue was up 15% on the prior year, this is due to a recovery and associated income from the Pacific Coast Shopping Centres as well as a record revenue result from Surf Hardware International.
- (2) Other income of \$6.1 million was largely attributable to underlying increases in the valuations of Our Innovation Fund and Five V Capital, profit on the sale of Pyrmont and closing out the fixed interest hedge.
- (3) Profit After Tax increased to \$10.4 million. For more detail refer the profit and loss on page 5 of the report.
- (4) Net assets per share before tax on unrealised gains on equities, investment properties, private equities and freehold properties increased to \$3.89 from \$3.64 during the year ended 31 July 2021. This included the payment of 7.0c in dividends.
- (5) The board has elected to declare a final 3 cents per share fully franked LIC dividend and a special 1 cent per share fully franked LIC dividend. The record date for the final dividend is 14 October 2021, with a payment date of 29 October 2021. The dividend reinvestment plan has been suspended for this dividend.
- (6) The 2020 final dividend was a 3 cents per share fully franked LIC dividend.

Refer to the Managing Director's review of operations for further details on the results and investments.

## MANAGING DIRECTORS REVIEW OF OPERATIONS

### Continued Uncertainty.

As foreshadowed in the first half report the results for the year ended July 31 2021 have been very positive for Gowings, as the initial post pandemic emergency passed and business returned to normal.

Most of our retail partners in our Mid North Coast Shopping Centres have had a good year and we have entered into new retailer agreements to continue leasing up the new space in Coffs Harbour.

Stage 2 at Sawtell Commons was completed, with all contracts settling. Construction on Stage 3 (the next 60 lots) is well under way and due for completion early next year. We plan to take these Stage 3 lots to market in the next few months as prices for Coffs Harbour residential lots remain very strong.

At Surf Hardware International (SHI), the tide was definitely in. The business experienced a record year. We have significantly increased the innovation and product development investment at SHI and are working with innovation partners including the University of NSW and Auckland University. Onshoring manufacturing out of Asia has become a major priority. This is very exciting space and a great long-term opportunity for Gowings.

A lot of the real action this year has been post year end when some of our sleeping giants crystalized value through initial public offerings. Both Cobram Estate Ltd (previously Boundary Bend Ltd) and Dice Molecules Inc are long term investments of Gowings and listed on the ASX and NASDAQ respectively, crystalizing approximately AUD\$12.7 million in underlying value for Gowings.

Our head office move from Pyrmont in Sydney to the Gowings Building in Coffs Harbour has now bedded down soundly. The consolidation of most of our team under one roof has been very beneficial for business efficiencies and provides more on-site management of our major shopping centre assets. A number of sustainability initiatives at the shopping centres have been implemented or are well into planning stages. The most recent achievement has been the installation of a green waste composter at Coffs Central. A second unit is due to be installed at Port Central in the near future.

### Outlook.

Uncertainty continues to prevail, in my interim report I observed that it would be good for the future if there were no further breaches of quarantine, unfortunately there were and we are now in the on- again- off- again lockdown roulette. Due to the continuing risk of lockdown and the NSW Government's legislated commercial property owner's proportional waiver of rent statutory requirements (and of course our own good business common sense approach to retailer support) we have made a \$2 million provision in our accounts for ongoing pandemic relief.

We continue to manage the company cautiously as is prudent in these uncertain times. We are in as good a place as any and continue to be the beneficiaries of broader demographic and economic trends.

Thank you to all our team members and the wider Gowings community for their continuing support.



J. E. Gowing  
Director

## DIRECTORS' REPORT

### DIRECTORS

The names of each person serving as a director or executive, either during or since the end of the year, are set out below:

Name	Position
Professor J. West	Non-Executive Chairman
J. E. Gowing	Managing Director
J. G. Parker	Non-Executive Director
S. J. Clancy	Non-Executive Director
I. Morgan	Company Secretary
J. E. Gowing (James)	Associate Director and Company Secretary
R. Ambrogio	Chief Financial Officer and Company Secretary (Resigned 30 November 2020)

### 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 financial report. Amounts in the directors' report and financial report have been rounded to the nearest thousand dollars in accordance with that Legislative Instrument, unless otherwise indicated.

Dated this 29th day of September 2021 in accordance with a resolution of the directors.



J. E. Gowing  
Director

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended	Notes	31 July 2021 \$'000	31 July 2020 \$'000
<b>Revenue</b>			
Interest income		186	211
Equities		437	679
Private equities		449	131
Investment properties	5	17,686	15,819
Development properties		1,816	2,277
Revenue from the sale of goods (Surf Hardware International)		50,578	42,660
<b>Total revenue</b>		<b>71,152</b>	<b>61,777</b>
<b>Other income</b>			
Gains / (losses) on disposal or revaluation of:			
Private equities		2,515	990
Investment properties	5	156	1,156
Freehold properties		946	-
Derivatives		587	(290)
Other income		1,869	1,193
<b>Total other income</b>		<b>6,073</b>	<b>3,049</b>
<b>Total revenue and other income</b>		<b>77,225</b>	<b>64,826</b>
<b>Expenses</b>			
Investment properties	5	7,364	7,490
Development properties		1,168	1,541
Finished goods, raw materials and other operating expenses (Surf Hardware International)		44,439	40,637
Administration	6	4,142	1,644
Borrowing costs		3,410	4,716
Depreciation		2,134	1,805
Employee benefits		487	1,499
Public company		458	450
<b>Total expenses</b>		<b>63,602</b>	<b>59,782</b>
<b>Profit from continuing operations before income tax</b>		<b>13,623</b>	<b>5,044</b>
Income tax expense	4	(3,241)	(297)
<b>Profit from continuing operations</b>		<b>10,382</b>	<b>4,747</b>
<i>Profit from continuing operations is attributable to:</i>			
Members of Gowing Bros. Limited		10,381	4,747
Non-controlling interests		1	-
<b>Profit from continuing operations</b>		<b>10,382</b>	<b>4,747</b>

The above Consolidated Statement of Profit or Loss should be read in conjunction with the accompanying Notes.

## CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended	Notes	31 July 2021 \$'000	31 July 2020 \$'000
<b>Profit from continuing operations</b>		<b>10,382</b>	<b>4,747</b>
<b>Other comprehensive income/ (loss)</b>			
<b>Items that will be reclassified to profit or loss:</b>			
Exchange rate differences on translating foreign operations, net of tax		(53)	(197)
<b>Items that will not be reclassified to profit or loss:</b>			
Changes in fair value of equity instruments held at fair value through other comprehensive income, net of tax		4,703	(5,819)
<b>Total comprehensive income/ (loss)</b>		<b>15,032</b>	<b>(1,269)</b>
<i>Total comprehensive income / (loss) attributable to:</i>			
Members of Gowing Bros. Limited		15,031	(1,269)
Non-controlling interests		1	-
<b>Total comprehensive income/ (loss)</b>		<b>15,032</b>	<b>(1,269)</b>
<b>Earnings per share</b>			
Basic earnings per share	11	19.35c	8.82c
Diluted earnings per share	11	19.35c	8.82c

The above Consolidated Statement of Other Comprehensive Income should be read in conjunction with the accompanying Notes.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at	Notes	31 July 2021 \$'000	31 July 2020 \$'000
<b>Current assets</b>			
Cash and cash equivalents		30,813	18,599
Inventories		8,265	5,095
Trade and other receivables		6,562	7,412
Other		1,075	1,166
<b>Total current assets</b>		<b>46,715</b>	<b>32,272</b>
<b>Non-current assets</b>			
Trade and other receivables		63	62
Loans receivable		850	2,700
Equities		43,087	32,265
Private equities		8,003	4,751
Development properties		18,950	16,117
Investment properties	5	203,595	202,442
Property, plant and equipment		1,551	8,504
Right of use asset		1,747	2,802
Intangibles		3,916	4,485
Deferred tax assets		2,386	3,610
Other		1,616	1,769
<b>Total non-current assets</b>		<b>285,764</b>	<b>279,507</b>
<b>Total assets</b>		<b>332,479</b>	<b>311,779</b>
<b>Current liabilities</b>			
Trade and other payables		6,368	5,042
Borrowings		1,115	1,824
Leases		997	1,030
Derivatives		-	1,439
Current tax liabilities		4,740	5,032
Provisions		3,222	1,402
<b>Total current liabilities</b>		<b>16,442</b>	<b>15,769</b>
<b>Non-current liabilities</b>			
Trade and other payables		108	169
Borrowings		94,309	84,386
Leases		974	1,970
Derivatives		-	2,878
Provisions		333	482
Deferred tax liabilities		25,163	22,050
<b>Total non-current liabilities</b>		<b>120,887</b>	<b>111,935</b>
<b>Total liabilities</b>		<b>137,329</b>	<b>127,704</b>
<b>Net assets</b>		<b>195,150</b>	<b>184,075</b>
<b>Equity</b>			
Contributed equity	8	12,693	12,895
Reserves	10	99,151	95,151
Retained profits	7	83,307	76,031
<b>Contributed equity and reserves attributable to members of Gowings Bros. Limited</b>		<b>195,151</b>	<b>184,077</b>
Non-controlling interests		(1)	(2)
<b>Total equity</b>		<b>195,150</b>	<b>184,075</b>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying Notes.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Contributed Equity \$'000	Capital Profits Reserve- Pre CGT \$'000	Revaluation Reserves \$'000	Foreign Currency Translation Reserve \$'000	Retained Profits \$'000	Non- Controlling Interests \$'000	Total \$'000
<b>Balance at 31 July 2019</b>	<b>13,288</b>	<b>90,503</b>	<b>9,899</b>	<b>394</b>	<b>77,042</b>	<b>(2)</b>	<b>191,124</b>
Total comprehensive income / (loss) for the year	-	-	(5,819)	(197)	4,747	-	(1,269)
Transfer of loss on disposal of equity instruments at fair value through comprehensive income to retained earnings, net of tax	-	-	371	-	(371)	-	-
<i>Transactions with owners in their capacity as owners:</i>							
Dividends paid	-	-	-	-	(5,387)	-	(5,387)
Share buy back	(393)	-	-	-	-	-	(393)
<b>Balance at 31 July 2020</b>	<b>12,895</b>	<b>90,503</b>	<b>4,451</b>	<b>197</b>	<b>76,031</b>	<b>(2)</b>	<b>184,075</b>
Total comprehensive income / (loss) for the year	-	-	4,703	(53)	10,381	1	15,032
Transfer of loss on disposal of equity instruments at fair value through comprehensive income to retained earnings, net of tax	-	-	941	-	(941)	-	-
Transfer of prior year revaluation increment to retained earnings on the sale of freehold properties	-	-	(1,591)	-	1,591	-	-
<i>Transactions with owners in their capacity as owners:</i>							
Dividends paid	-	-	-	-	(3,755)	-	(3,755)
Share buy back	(202)	-	-	-	-	-	(202)
<b>Balance at 31 July 2021</b>	<b>12,693</b>	<b>90,503</b>	<b>8,504</b>	<b>144</b>	<b>83,307</b>	<b>(1)</b>	<b>195,150</b>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying Notes.



## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended	Notes	31 July 2021 \$'000	31 July 2020 \$'000
<b>Cash flows from operating activities</b>			
Receipts in the course of operations (inclusive of GST)		76,849	67,260
Payments to suppliers and employees (inclusive of GST)		(63,674)	(56,053)
Dividends received		886	679
Interest received		168	211
Borrowing costs paid		(3,410)	(4,716)
Income taxes (paid) / received		(1,385)	470
<b>Net cash inflows from operating activities</b>		<b>9,434</b>	<b>7,851</b>
<b>Cash flows from investing activities</b>			
Payments for purchases of properties, plant and equipment		(601)	(203)
Payments for purchases of intangibles		(31)	(210)
Payments for purchases of development properties		(3,994)	(1,817)
Payments for purchases of investment properties		(1,507)	(3,540)
Payments for purchases of equity investments		(5,494)	(5,086)
Payments for loans made		(550)	(300)
Proceeds from repayment of loans made		2,400	89
Proceeds from sale of freehold properties		8,000	-
Proceeds from sale of equity investments		2,160	5,675
Proceeds from sale of development properties		1,816	2,277
Proceeds from sale of investment properties		-	32,452
<b>Net cash inflows from investing activities</b>		<b>2,199</b>	<b>29,337</b>
<b>Cash flows from financing activities</b>			
Payments for share buy-backs		(202)	(393)
Proceeds from borrowings		10,000	6,000
Repayment of borrowings		(786)	(29,316)
Repayment of lease liabilities		(946)	(807)
Payment for termination of derivative		(3,730)	-
Dividends paid		(3,755)	(5,387)
<b>Net cash inflows / (outflows) from financing activities</b>		<b>581</b>	<b>(29,903)</b>
Net increase in cash held		12,214	7,285
Cash and cash equivalents at the beginning of the financial year		18,599	11,314
<b>Cash and cash equivalents at the end of the financial year</b>		<b>30,813</b>	<b>18,599</b>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying Notes.

## NOTES TO THE FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Gowing Bros. Limited ("the Company") is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange ("ASX"). This preliminary financial report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E. This preliminary financial report comprises the Company and its controlled entities (referred herein as "the Group").

The preliminary final report is presented in Australian dollars and is prepared under the historical cost convention, modified by the revaluation of listed equities and direct unlisted investments (financial assets at fair value through other comprehensive income), private equities (financial assets at fair value through profit or loss), derivatives (financial liabilities at fair value through profit or loss), investment properties and certain classes of property, plant and equipment.

Conforming to Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires the Directors to exercise their judgement in the process of applying the 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 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.

#### 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.

#### New, revised or amending Accounting Standards and Interpretations adopted

The Group has adopted all new, revised or amending Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period.

Any new, revised or amending Australian Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

### 2. SEGMENT INFORMATION

The Group comprises of the following business segments, based on the Group's management reporting systems:

- Cash and fixed interest
- Equities
- Private equities
- Investment properties
- Development properties
- Surf Hardware International business
- Other

## 2. SEGMENT INFORMATION (CONTINUED)

For the year ended	31 July 2021 \$'000	31 July 2020 \$'000
<b>Segment revenue</b>		
Cash and fixed interest – interest received	186	211
Equities – dividends and option income received	437	679
Private equities – distributions received	449	131
Investment properties – rent received	17,686	15,819
Development properties – realised gains on disposal	1,816	2,277
Surf Hardware International business – sale of goods	50,578	42,660
	<b>71,152</b>	<b>61,777</b>
<b>Segment other income</b>		
Private equities – unrealised fair value gains / (losses)	2,515	990
Investment properties – unrealised fair value gains / (losses)	156	1,156
Other gains / (losses)	3,402	903
	<b>6,073</b>	<b>3,049</b>
<b>Total segment revenue and other income</b>	<b>77,225</b>	<b>64,826</b>

For the year ended	31 July 2021 \$'000	31 July 2020 \$'000
<b>Segment result</b>		
Cash and fixed interest	186	211
Equities	437	679
Private equities	2,964	1,121
Investment properties	7,293	5,569
Development properties	648	736
Surf Hardware International business	5,304	1,272
Other	(3,209)	(4,544)
<b>Total segment result</b>	<b>13,623</b>	<b>5,044</b>
Income tax expense	(3,241)	(297)
<b>Net profit after tax</b>	<b>10,382</b>	<b>4,747</b>

As at	31 July 2021 \$'000	31 July 2020 \$'000
<b>Segment assets</b>		
Cash and fixed interest	30,813	18,599
Equities	43,087	32,265
Private equities	8,003	4,751
Investment properties	203,595	202,442
Development properties	18,950	16,117
Surf Hardware International business	18,821	18,814
Unallocated assets	9,210	18,791
<b>Total assets</b>	<b>332,479</b>	<b>311,779</b>
<b>Segment liabilities</b>		
Investment properties	91,276	81,525
Surf Hardware International business	5,700	7,959
Unallocated liabilities	40,353	38,220
<b>Total liabilities</b>	<b>137,329</b>	<b>127,704</b>

**2. SEGMENT INFORMATION (CONTINUED)**

For the year ended	31 July 2021 \$'000	31 July 2020 \$'000
Payments for the acquisition of:		
- Investment properties	1,507	3,540
- Development properties	3,994	1,817
- Equities	5,494	5,086
Gains on disposal or revaluation of:		
- Investment properties	156	1,156
- Private equities	2,515	990
Unallocated:		
- Payments for the acquisition of property, plant and equipment	601	203
- Payments for the acquisition of intangibles	31	210

**Accounting policies**

Segment information is prepared in conformity with the accounting policies of the Group.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to a segment on a reasonable basis.

*All segments other than Surf Hardware International business segment*

Segment assets include all assets used by a segment and consist primarily of operating cash, investments, investment properties, development properties and plant and equipment, net of related provisions. While most of these assets can be directly attributable to individual segments, the carrying amounts of certain assets used jointly by segments are allocated based on reasonable estimates of usage. Segment liabilities consist of borrowings. Segment assets and liabilities do not include income taxes. Tax assets and liabilities, trade and other creditors and employee entitlements and goodwill are represented as unallocated amounts.

*Surf Hardware International business segment*

Segment assets include all assets excluding operating cash of \$1.81 million (2020: \$3.27 million) which is included in the cash segment) used by the Surf Hardware International business segment and consist primarily of trade and other receivables, inventories, plant and equipment, right of use assets and intangibles, net of related provisions. Segment liabilities consist of borrowings, trade and other payables, lease liabilities and employee entitlements. Segment assets and liabilities do not include income taxes. Tax assets and liabilities are represented as unallocated amounts.

**Segment cash flows**

Segment information is not prepared for cash flows as management consider it not relevant to users in understanding the financial position and liquidity of the Group.

**3. OPERATING PROFIT / (LOSS)**

For the year ended	31 July 2021 \$'000	31 July 2020 \$'000
Profit from continuing operations before income tax includes the following specific items:		
<b>Gains</b>		
Private equity investment distributions	449	131
<b>Expenses</b>		
Interest and other borrowing costs	3,410	4,716
Employee benefits	9,800	10,907
Cost of sales (Surf Hardware International)	29,087	25,597
Cost of sales (development properties)	1,168	1,541

**4. INCOME TAX**

For the year ended	31 July 2021 \$'000	31 July 2020 \$'000
Current tax	1,181	5,197
Deferred tax	2,553	(3,881)
(Over) / under provided in prior years	(493)	(1,019)
	<b>3,241</b>	<b>297</b>
Income tax attributable to:		
Profit from continuing operations	3,241	297
Aggregate income tax expense on profit	3,241	297
<b>Reconciliation of income tax expense to prima facie tax payable</b>		
Profit from continuing operations before income tax expense	13,623	5,044
Tax at the Australian tax rate of 30% (2020: 30%)	4,087	1,513
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-assessable income / Non-deductible expenses	(30)	347
Franked dividends	(83)	(194)
Over provision in prior year	(493)	(1,019)
Deferred tax assets not recognised and effect of tax rates in foreign jurisdictions	(240)	(350)
<b>Income tax expense</b>	<b>3,241</b>	<b>297</b>
<b>Amounts recognised directly in equity</b>		
Aggregated current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or (credited) to equity	2,016	(2,335)

**5. NON-CURRENT INVESTMENT PROPERTIES**

For the year ended	31 July 2021 \$'000	31 July 2020 \$'000
<b>At fair value</b>		
Balance at beginning of year	202,442	232,016
Additions	1,507	2,447
Disposal proceeds	-	(32,452)
Net gain on disposal	-	2,115
Amortisation on incentives	(510)	(725)
Net gain / (loss) from fair value adjustment	156	(959)
<b>Balance at end of year</b>	<b>203,595</b>	<b>202,442</b>
<b>Amounts recognised in profit of loss for investment properties</b>		
Rental revenue	17,686	15,819
Direct operating expenses from rental generating properties	(7,364)	(7,490)
Net gain on disposal	-	2,115
Net gain / (loss) on revaluation	156	(959)
	<b>10,478</b>	<b>9,485</b>

Change in fair values of investment properties are recorded in other income

## 5. NON-CURRENT INVESTMENT PROPERTIES (CONTINUED)

	Valuation Method	Weighted average cap rate 2021	Weighted average cap rate 2020	31 July 2021 \$'000	31 July 2020 \$'000
Sub-regional and Neighbourhood shopping centres (Coffs Central, Port Central and Kempsey Central)	(a)	6.51%	6.88%	198,069	198,131
Other properties	(b)			5,526	4,311
				<b>203,595</b>	<b>202,442</b>

- (a) Fair value is based on capitalisation rates, which reflect vacancy rates, tenant profile, lease expiry and the underlying physical condition of the centre. The higher the capitalisation rate, the lower the fair value. Capitalisation rates used at 31 July 2021 were based on externally prepared valuations.
- (b) Current prices in an active market for properties of similar nature or recent prices of different nature in less active markets.

## 6. ADMINISTRATION EXPENDITURE

The Group has included a provision of \$2 million relating to the impact of COVID-19 lockdowns on the basis of rental deferrals and abatements relating to retail tenants up until January 2022.

## 7. RETAINED PROFITS

As at	31 July 2021 \$'000	31 July 2020 \$'000
Retained profits at the beginning of the financial year	76,031	77,042
Net profit attributable to members of Gowing Bros. Limited	10,381	4,747
Transfer of loss on disposal of equity instruments at fair value through comprehensive income to retained earnings, net of tax	(941)	(371)
Transfer of prior year revaluation increment to retained earnings on the sale of freehold properties	1,591	-
Dividends provided for or paid	(3,755)	(5,387)
	<b>83,307</b>	<b>76,031</b>

## 8. CONTRIBUTED EQUITY AND ISSUED SECURITIES

	Number of shares 31 July 2021	Number of shares 31 July 2020	31 July 2021 \$'000	31 July 2020 \$'000
<b>Share capital</b>				
Ordinary shares fully paid	53,624,983	53,746,240	12,693	12,895
<b>Movements in ordinary share capital</b>				
<b>Date</b>	<b>Details</b>	<b>Number of shares</b>	<b>Issue price per share</b>	<b>\$'000</b>
31/07/2020	Balance	53,746,240		12,895
15/10/2020	Share buy back	(100,000)	\$1.51	(151)
8/7/2021	Share buy back	(21,257)	\$2.38	(51)
		<b>53,624,983</b>		<b>12,693</b>

### Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each share is entitled to one vote.

**8. CONTRIBUTED EQUITY AND ISSUED SECURITIES (CONTINUED)****Dividend Reinvestment Plan**

The Dividend Reinvestment Plan may be offered to shareholders by Directors and allows shareholders to reinvest dividends into shares in the Company. The Dividend Reinvestment Plan has been suspended for the final dividend declared on 29 September 2021.

**Deferred Employee Share Plan**

The Deferred Employee Share Plan may be used as part of any incentive payments for all employees. For transaction cost reasons, where possible shares bought back as part of the Company's ongoing capital reduction program are recognised for this purpose rather than cancelled.

**Options**

There were no options on issue at the time of this report.

**On-market share buy back**

121,257 shares were bought back during the year (2020: 192,955).

**9. DIVIDENDS**

	Cents per share	Total amount \$	Date of payment
The following dividends were declared and paid by the Group during the year ended 31 July 2021:			
Final fully franked dividend	3.0 cents	1,609,387	29 October 2020
Interim fully franked dividend	4.0 cents	2,145,850	23 April 2021

Dividends paid during the year were fully franked at the tax rate of 30%.

Since the end of the year ended 31 July 2021, the directors declared the following dividend:

Final fully franked dividend	4.0 cents	2,145,850	29 October 2021
------------------------------	-----------	-----------	-----------------

The dividend declared since the year end will be fully franked at the tax rate of 30%.

**10. RESERVES**

As at	31 July 2021 \$'000	31 July 2020 \$'000
<b>Capital profits reserve<sup>1</sup></b>		
Opening balance	90,503	90,503
Transfer from retained profits	-	-
<b>Closing balance</b>	<b>90,503</b>	<b>90,503</b>
<b>Long term investment revaluation reserve<sup>2</sup></b>		
Opening balance	2,860	8,308
Changes in financial assets held at fair value through other comprehensive income		
- Changes in fair value of equities	6,719	(8,313)
- Deferred tax applicable to fair value adjustments	(2,016)	2,494
- Transfer of loss on disposal of equity instruments at fair value through comprehensive income to retained earnings, net of tax	941	371
<b>Closing balance</b>	<b>8,504</b>	<b>2,860</b>

**10. RESERVES (CONTINUED)**

As at	31 July 2021 \$'000	31 July 2020 \$'000
<b>Asset revaluation reserve<sup>3</sup></b>		
Opening balance	1,591	1,591
Transfer of prior year revaluation increment to retained earnings on the sale of freehold properties	(1,591)	-
<b>Closing balance</b>	<b>-</b>	<b>1,591</b>
<b>Foreign currency translation reserve<sup>4</sup></b>		
Opening balance	197	394
Exchange differences on translation of foreign operations	(53)	(197)
<b>Closing balance</b>	<b>144</b>	<b>197</b>
<b>Total reserves</b>	<b>99,151</b>	<b>95,151</b>

<sup>1</sup> The capital profits reserve is used to record pre-CGT profits.

<sup>2</sup> The long term investment revaluation reserve is used to record increments and decrements in the fair value of equities held at fair value through other comprehensive income.

<sup>3</sup> The asset revaluation reserve is used to record increments and decrements in the fair value of freehold properties recognised in other comprehensive income.

<sup>4</sup> The foreign currency translation reserve records exchange rate differences arising on translation differences on foreign controlled subsidiaries.

**11. EARNINGS PER SHARE**

For the year ended	31 July 2021	31 July 2020
Basic earnings per share (cents)	19.35	8.82
Diluted earnings per share (cents)	19.35	8.82
Weighted average number of ordinary shares on issue (basic and diluted)	53,665,722	53,842,723
<b>Net profit after tax</b>	<b>\$10,382,000</b>	<b>\$4,747,000</b>

**12. NET TANGIBLE ASSET BACKING**

As at	31 July 2021	31 July 2020
NTA per ordinary security before tax on unrealised gains	\$3.82	\$3.55
NTA per ordinary security after tax on unrealised gains	\$3.57	\$3.34

The company is a long term investor and does not intend to dispose of its investment portfolio.



**13. INTERESTS IN JOINT VENTURES**

The Group has entered into a joint venture operation known as Regional Retail Properties, a long term investment in a small regional retail centre. The Group has a 50% participating interest in this joint venture and is entitled to 50% of its output.

The Group's interests in the assets employed in the joint ventures are included in the consolidated statement of financial position, under the following classifications:

	31 July 2021 \$'000	31 July 2020 \$'000
<b>Current assets</b>		
Cash	41	74
Trade and other receivables	59	18
<b>Total current assets</b>	<b>100</b>	<b>92</b>
<b>Non-current assets</b>		
Investment properties	4,250	3,000
<b>Total non-current assets</b>	<b>4,250</b>	<b>3,000</b>
<b>Current share of assets employed in joint venture</b>	<b>4,350</b>	<b>3,092</b>
<b>Current liabilities</b>		
Trade and other payables	27	18
Borrowings	1,101	1,350
<b>Total current liabilities</b>	<b>1,128</b>	<b>1,368</b>
<b>Non-current liabilities</b>		
Borrowings	-	-
<b>Total non-current liabilities</b>	<b>-</b>	<b>-</b>
<b>Current share of liabilities employed in joint venture</b>	<b>1,128</b>	<b>1,368</b>
<b>Net assets employed in joint venture</b>	<b>3,222</b>	<b>1,724</b>

\$1.101 million of borrowings is secured against investment properties of Regional Retail Properties.

#### 14. INTERESTS IN OTHER ENTITIES (EXCLUDING JOINT VENTURES)

The Group's principal subsidiaries and other interests are set out below:

Unless otherwise stated, subsidiaries and other interests listed below have share capital comprising of ordinary shares or ordinary units which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group.

Entity Name	Country of Incorporation	Ownership Interest % 2021	Ownership Interest % 2020
Pacific Coast Developments 357 Pty Ltd	Australia	100	100
Pacific Coast Developments 357 Fund	Australia	99.9	99.9
1868 Capital Pty Ltd	Australia	100	100
Pacific Coast Developments 112 Fund	Australia	99.9	99.9
Gowings SHI Pty Ltd	Australia	99.9	99.9
SHI Holdings Pty Ltd*	Australia	99.9	99.9
Fin Control Systems Pty Ltd*	Australia	99.9	99.9
Surfing Hardware International Holdings Pty Ltd*	Australia	99.9	99.9
Surf Hardware International Asia Pty Ltd*	Australia	99.9	99.9
Surf Hardware International Europe SARL*	France	99.9	99.9
Surf Hardware International UK Ltd*	England	99.9	99.9
OZ4U Holdings Pty Ltd*	Australia	99.9	99.9
Sunbum Technologies Pty Ltd*	Australia	99.9	99.9
Surfing Hardware International USA Inc.*	United States of America	99.9	99.9
Surf Hardware International USA Inc.*	United States of America	99.9	99.9
Surf Hardware International Hawaii Inc.*	United States of America	99.9	99.9
Surf Hardware International Japan KK*	Japan	99.9	99.9
Surf Hardware International Pty Ltd*	Australia	99.9	99.9
Surf Hardware International New Zealand Pty Ltd*	New Zealand	99.9	99.9
Gowings Master Trust	Australia	100	100
1868 High Yield Trust	Australia	100	100
Gowings Life Sciences Trust	Australia	100	100
Gowing Bros Management Services Pty Ltd	Australia	100	100
Coastbeat Pty Ltd	Australia	100	100

\* SHI Holdings Pty Limited and controlled entities controlled by Gowings SHI Pty Ltd.

No other interests in subsidiaries or other entities (excluding joint ventures) were held by the Group in the 31 July 2021 financial year.

Non-controlling interests in subsidiaries and other interests of the Group are not material to the Group.

#### 15. SUBSEQUENT EVENTS

The Group has announced a dividend since the end of the year which has been included in Note 9.

Cobram Estate Olives has listed on the ASX under the ticker CBO, the closing price on the 28 September 2021 was \$2.00. The market valuation of the Group's shareholding is approximately \$20.9 million.

Dice Molecules Holdings LLC has listed on the NASDAQ under the ticker DICE, the closing price on the 27 September 2021 was \$33.75 USD. The market valuation of the Group's shareholding is approximately \$8.9 million.

The Group is continuously monitoring the COVID-19 lockdown situation and the associated impact on the Group's activities.

No other matters or circumstances have arisen which has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.