147th ANNUAL REPORT
31 July 2015

EST 1868

GOWING BROS

CORPORATE DIRECTORY

DIRECTORS

W. A. Salier (Chairman)
J. E. Gowing (Managing Director)
J. G. Parker (Non-executive Director)
R. D. Fraser (Non-executive Director)

SECRETARY

J. Zulman

STOCK EXCHANGE LISTING

The Australian Securities Exchange
Ticker Code: GOW

REGISTERED OFFICE

Suite 21, Jones Bay Wharf
26 - 32 Pirrama Road
Pyrmont NSW 2009
Phone: 61 2 9264 6321
Fax: 61 2 9264 6240
Email: info@gowings.com

SHARE REGISTRY OFFICE

Computershare Investor Services Pty Limited
Level 3, 60 Carrington Street
Sydney NSW 2000
Phone: 1300 855 080
Fax: 61 2 8234 5050

AUDITORS

HLB Mann Judd (NSW Partnership)
Level 19, 207 Kent Street
Sydney NSW 2000
Phone: 61 2 9020 4000

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ABOUT GOWINGS

INVESTMENT OBJECTIVE

To maximise and protect shareholder wealth over the long term.

OUR VALUES

Patience
Discipline
Understanding
Conviction
Decisiveness
Integrity

INVESTMENT PHILOSOPHY

Investments are made across different asset classes to take advantage of changing economic cycles. Having a diversified basket of assets also assists to produce smoother returns from year to year.

Investments are made in assets that have the potential to deliver superior growth over the long term when that growth is not reflected in today's asset prices. Investments are made on a risk return basis with higher returns required for more risky assets.

As a long term investor, we seek to maximise our returns over time through the power of compound interest and minimising costs.

At Gowings, all the board of directors and management are shareholders, giving rise to our commitment to "investing together for a secure future".

TRANSPARENT COMMUNICATION

As an investor itself, Gowings values transparent information. An audit review is conducted half-yearly and formal audited financial statements are provided annually along with company updates.

All shareholder communication may be found at the company's website www.gowings.com or on the Australian Securities Exchange's website www.asx.com.au.

INVESTING IN GOWINGS

Gowings shares can be bought or sold through the Australian Securities Exchange under the ticker code GOW.

Gowings is internally managed and does not pay performance fees to an external manager in relation to the administration of the company. There are no entry or exit fees and no trailing commissions for investors in Gowings.

HISTORY

The Gowing family started the company in 1868 and continues to use the company as its principal wealth creation and preservation vehicle.

The company, under 4 generations of the Gowing family, has prospered through 147 years of economic booms and busts, world wars and market crashes. The company's origins were in retailing which soon led to significant property investments being made across Sydney's CBD. At one stage, the Gowings Market Street building completed in 1929 was the tallest building in the city.

Gowings also had an early interest in equity investments being one of the founding investors in Woolworths. In the 1950's, a significant re-allocation of capital was made into listed equities. Since then, the company's investment portfolio mix has shifted between equities, property and private equity investments according to the prospective outlook for each.

MANAGING DIRECTOR'S REVIEW OF OPERATIONS

On behalf of your Board of Directors and management, I am pleased to comment on the results for the year ended 31 July 2015.

Financial Review: Total comprehensive income of $22.5 million was 20% higher than the prior year. Net assets per share before tax on unrealised gains increased to $4.15 from $3.67. The final dividend has been maintained at 6 cents per share fully franked, which when including the interim dividend of 6 cents, makes total dividends for the year of 12 cents per share fully franked.

The Directors have declared a bonus issue of 1 fully paid ordinary share for every 10 shares held. The bonus shares will rank equally for dividends commencing from the date of issue.

This has really been a watershed year for the Company. Our strategic decision in 2009 to purchase shopping centres on the Mid North Coast of New South Wales has proven to be very positive for shareholders. We purchased the portfolio at a time when yields were high and valuations were depressed because Australian banks were forcing listed real estate trusts to liquidate assets. The environment has now reversed with a low Australian dollar, low interest rates, the search for yield and strong demand from both local and overseas funds for well positioned income earning shopping centres. Australian capitalisation rates are still substantially higher than rates in Europe and the USA.

Additionally, according to industry research, total returns on retail property over the last 15 years have been higher than returns on Australian listed equities, with significantly less risk of a negative return in any given year.

Pacific Coast Shopping Centre Portfolio: Clearly the highlight of this year's performance has been the $16.6 million increase in the valuation of our Pacific Coast Shopping Centres. This increase was brought about by a combination of active property management in increasing the net income of the centres together with a compression in market capitalisation rates.

As part of our active management of the centres over the past year, we currently have the strongest prospective new development and lease pipeline that we have had since acquiring the centres. There are significant opportunities at each of the four centres currently under review. The finalisation of each of these opportunities will depend on constructive commercial outcomes being reached and final Board approval.

At Moonee Beach, the dual carriageway between Coffs Harbour and Woolgoolga was completed in late 2014 providing new improved access and significantly increasing the visibility of the centre. The Board is confident that various leasing and capital initiatives currently underway will be very positive for the future occupancy of the centre. Since year end, we have opened a new gym, and negotiations are proceeding to lease one of the other large box sites. We are also looking at the possibility of developing a fuel pad on our adjoining lot.

At Coffs Harbour, upgrade works have been completed on the adjoining Council owned car park, which primarily services the shopping centre. The upgrade works include two new lifts, new public toilet facilities, a roof over the top floor and a complete re-paint. These works were done as part of the Coffs Harbour City Masterplan upgrade project. We have also provided wet weather enclosure of the Harbour Drive restaurant precinct. Extensive negotiations have been undertaken to redevelop further the first floor in order to improve access to the major anchor tenant and also introduce a number of new specialty tenants to the first floor.

At Kempsey, the Coles anchor supermarket reported a strong increase in sales following a difficult prior year that was impacted by floods and the opening of a competing Aldi supermarket. The majority of specialty tenant leases have been recently renewed, improving the lease expiry profile of the centre.

At Port Macquarie, the centre continues to trade strongly on all metrics, which was recognised by a further improvement in its valuation at year-end. We continue to review various opportunities in relation to the centre.

Listed Equity Portfolio: Our listed equity portfolio returned over 16% for the year through a combination of dividends and capital appreciation. Dividends received amounted to $1.6 million and were slightly higher than last year. The major driver behind the above market return was the strong performance of Blackmores, which increased in value during the year by over 300%. Notable acquisitions during the year included Medibank, Sealink, Servecorp, Air New Zealand, Webster, Ardent Leisure, MYOB, and Murray Goldman Unit Trust.

International Exposure: Over the last 18 months, it became clear that the mining boom was on the wane with falling commodity prices creating a negative environment for the Australian dollar. To provide some protection for our international purchasing power, we gradually moved to increase our international exposure to investments and foreign exchange. Largely as a result of the markedly weaker Australian dollar at year-end, this strategy contributed $1.4 million to the result for the year.

Private Equity: Our managed private equity portfolio is in its wind up phase. There were no new investments during the year apart from a direct investment of $0.6 million in Our Crowd, a crowd funding platform for investing in early stage global innovations and disruptive technologies.

Outlook: The world remains very uncertain and volatile. It is not yet clear how global central banks are going to respond to the current slow growth environment when they stop the printing presses and have to repay their substantial debt obligations. Australia is no different with an uncertain economic outlook as the mining and business investment downturn continues and the eastern seaboard housing boom inevitably slows. Australia's own debt burden, whilst not as significant as other countries, still imposes a significant restraint on the local economy.

It is with this uncertain local and global outlook that Gowings' portfolio remains well positioned towards high quality, long term, income producing investments.

Having noted that we maintain a cautionary investment outlook, we are becoming increasingly positive on the outlook for our shopping centres in response to various initiatives and opportunities under consideration.

As always, the Company's investment philosophy is both to protect and grow shareholder wealth over the long term.

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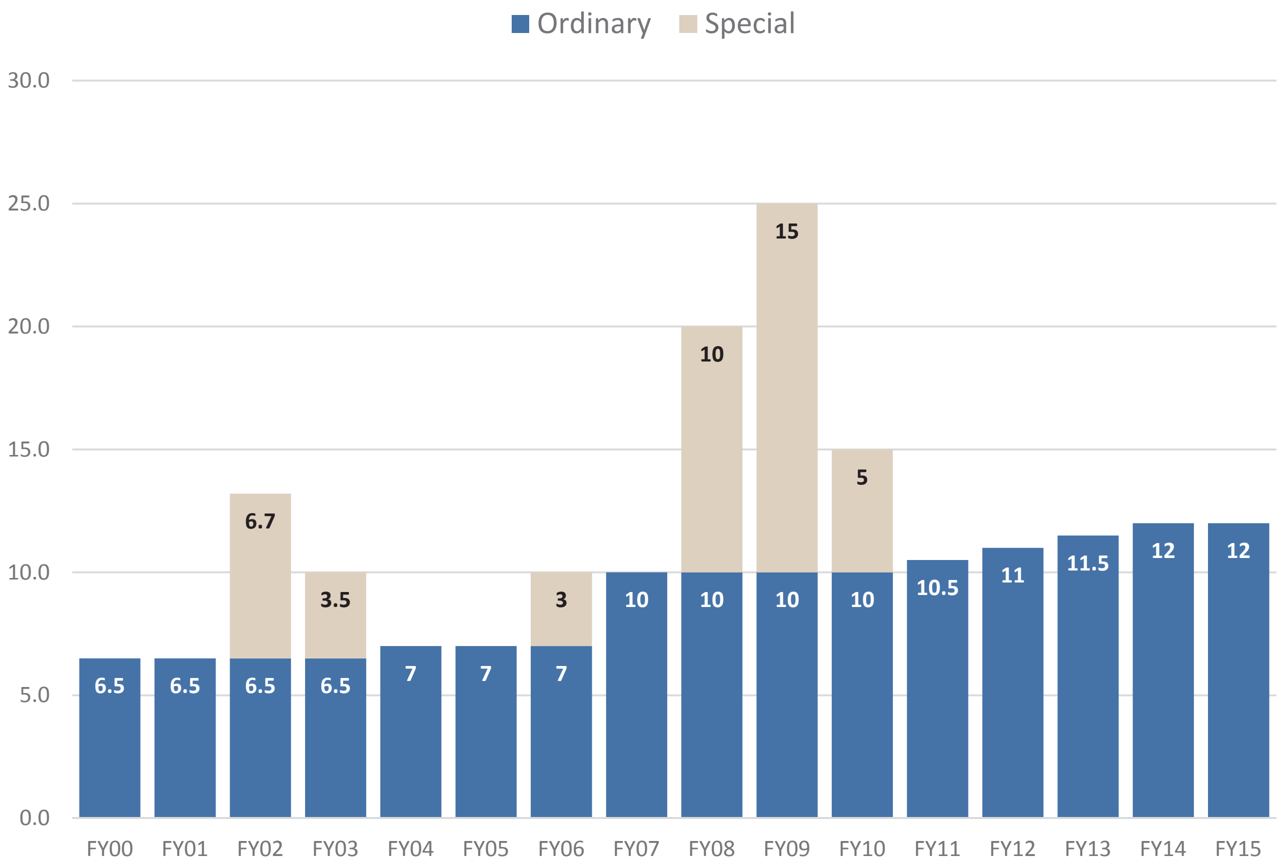
John Gowing
Managing Director
27 October 2015

5 YEAR KEY METRICS

	2015	2014	2013	2012	2011
Net Assets	**$186.8m**	$170.2m	$157.2m	$150.5m	$150.3m
Net Assets per Share					
- Before tax on unrealised gains	**$4.15**	$3.67	$3.29	$3.11	$3.11
- After tax on unrealised gains	**$3.81**	$3.47	$3.21	$3.07	$3.07
Total Comprehensive Income	**$22.5m**	$18.9m	$12.4m	$5.6m	$5.7m
Earnings per Share	**39.02c**	28.71c	14.85c	12.18c	13.21c
Dividends per Share	**12.00c**	12.00c	11.50c	11.00c	10.50c
Total Shareholder Return	**16.30%**	15.20%	9.50%	3.50%	4.00%

DIVIDENDS

The board of directors has paid a **6.0c** (2014: 6.0c) **fully franked final dividend** per share bringing total dividends out of 2015 profits to 12.0 cents, (2014: 12.0 cents).



GOWINGS AT A GLANCE

	31 Jul 2015 $	31 July 2014 $
Cash, Bonds and Working Capital	830,000	8,213,000
Equity Portfolio		
Blackmores Ltd	9,009,000	2,890,000
Carlton Investments	5,509,000	4,977,000
Boundary Bend Limited	5,371,000	6,378,000
ANZ Banking Group	3,268,000	4,144,000
Woolworths Ltd	2,860,000	4,875,000
Westpac Banking Corporation	2,824,000	2,803,000
National Australia Bank	2,816,000	2,649,000
TPI Group Limited	2,000,000	2,000,000
BT Investments	1,663,000	1,008,000
Other holdings	16,585,000	12,066,000
Total	51,905,000	43,790,000
Managed Private Equity Portfolio	2,604,000	4,029,000
Pacific Coast Shopping Centre Portfolio		
Property	173,421,000	156,424,000
Borrowings	(47,000,000)	(47,000,000)
Total	126,421,000	109,424,000
Other Direct Properties		
Property	12,480,000	11,561,000
Borrowings	(1,900,000)	(2,050,000)
Total	10,580,000	9,511,000
International Investments	10,942,000	5,063,000
Net assets before tax on unrealised gains on equities and investment properties	**203,282,000**	**180,030,000**
Provision for tax on unrealised gains on equities and investment properties	(16,511,000)	(9,828,000)
Net assets after tax on unrealised gains on equities and investment properties	**186,771,000**	**170,202,000**
Number of Shares Outstanding	48,976,317	48,996,567
Net assets per share before estimated tax on unrealised gains	$ 4.15	$ 3.67
Net assets per share after allowing for estimated tax on unrealised gains	$ 3.81	$ 3.47

THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

The directors are all shareholders in the company, which ensures that their interests are aligned with those of other shareholders.

DIRECTORS

Tony Salier

Chairman / Non-executive Director
B.A., LL.B (Syd), LL.M (Harvard)
Shareholding: 54,794 shares

Tony Salier has been an independent non-executive director of Gowings since 1974 and Chairman since 1995. Tony has witnessed and participated in the growth of the company under the direction of Ted Gowing and John Gowing over the past 43 years. Tony is a member of the Audit Committee.

Tony is a senior lawyer with Pigott Stinson, a long established Sydney law firm. Tony has practised corporate law in Sydney for many years and has advised a number of corporations. Tony was previously an examiner in company law for the Barristers and Solicitors Admission Board.

Tony is a trustee / director of foundations, estates and private companies with a combined investment portfolio exceeding $120 million.

John Gowing

Managing Director
Bachelor of Commerce, CA, CPA
Shareholding: 18,989,368 shares

John was first appointed as non-executive director of the company upon completion of his commerce degree from the University of New South Wales in 1983. John's experience includes Arthur Young now known as Ernst & Young where he worked for 4 years in the audit division. After finishing his professional practice year and upon graduating as a chartered accountant, he accepted a fulltime position with the company as Managing Director in 1987 and he continues in the role. John is a member of the Remuneration Committee.

John Parker

Non-executive Director
Bachelor of Economics
Shareholding: 50,000 shares

John has served as an independent non-executive director of Gowings since January 2002.

John is a coach with Foresight's Global Coaching, providing one-to-one business coaching to senior executives in Australia. John is Chairman of the Audit Committee.

John brings considerable experience to the board with over 34 years in investment banking and funds management, in both executive and non-executive roles.

Robert Fraser

Non-executive Director
B. Ec., LL.B (Hons) (Syd)
Shareholding: 63,118 shares

Robert has served as an independent non-executive director of the Company since 2012.

Robert is a corporate adviser and company director with over 26 years of investment banking experience. He is presently the Sydney based Managing Director of TC Corporate Pty. Limited, the corporate advisory division of the stockbroking firm of Taylor Collison Limited of which he is also a Director and Principal.

Robert has Economics and Laws (Honours) degrees from the University of Sydney. He brings to the Board particular expertise in the areas of corporate and financial analysis, capital management, equity capital markets, corporate governance, investor relations and mergers and acquisitions. He is also a licensed business broker and licensed real estate agent.

Robert has extensive experience as a public company director and he is presently a non-executive director of ARB Corporation Limited, F.F.I. Holdings Limited and Magellan Financial Group Limited.

EXECUTIVE MANAGEMENT

Garth Grundy

General Manager
Bachelor of Commerce, CA, F Fin
Shareholding: 260,148 shares

Garth has 23 years of investment and corporate advisory experience gained from his past employment with Ernst & Young, Arthur Andersen, Coyne Capital and Hindal Corporate.

Garth is a Fellow of the Financial Services Institute of Australia and of Chartered Accountants Australia and New Zealand.

Myles de Lepervanche

Chief Financial Officer
Shareholding: 53,288 shares

Myles has been an integral part of Gowings' executive management team since joining the company in 2007. Myles has extensive knowledge of the Company's activities including corporate finance and information technology expertise.

Jeff Zulman

Company Secretary
BA Law (Witwatersrand) and Dip. Jurisprudence (Oxford)
Shareholding: nil

Jeff has extensive experience at operational and board levels with both private and public companies in financial services and technology. With legal and financial experience, Jeff provides corporate and strategic advisory services along with his Company Secretary Role and also serves as a Non-Executive Director of ASX Listed Spring FG. Jeff is currently an executive director of Sydney-based corporate advisory firm, Coyne Holdings and is the founder and managing director of Book Buyers Brokerage Services Australia (BBBSA), a specialist mortgage and finance brokerage advisory business. He is also an elected Councillor at Woollahra Municipal Council in Sydney's eastern suburbs.

Jeff was also a non-executive director of ASX-listed eBet Limited for eight years to 2007.

Stephen Byers

Executive Officer Property / Company Secretary
Bachelor of Commerce, LL.B
Shareholding: 50,000 shares

Stephen resigned his executive position as at January 2015 continuing on as Company Secretary until April 2015.

Stephen has been an integral part of the Gowings executive management team in various roles over the past 17 years at both a strategic and operational level.

The Board and Management wish him the very best.

DIRECTORS' REPORT

Your directors or officers are pleased to present their report on the company for the year ended 31 July 2015.

Results

	2015 $'000	2014 $'000
Operating profit for the year before income tax	27,180	19,483
Income tax expense	(8,066)	(5,415)
Net profit after income tax	19,114	14,068
Net profit attributable to members of Gowing Bros. Limited	19,114	14,068

Dividends

A final fully franked dividend of 6.0 cents per share is to be paid to shareholders on 22 October 2015	$2,938,579
An interim fully franked dividend of 6.0 cents per share was paid to shareholders on 24 April 2015	$2,938,579
A final fully franked dividend of 6.0 cents per share was paid to shareholders on 23 October 2014	$2,939,794
An interim fully franked dividend of 6.0 cents per share was paid to shareholders on 24 April 2014	$2,940,200

Review of operations
The operations of the company are reviewed in the Managing Director's Review of Operations on page 2.

Environment
The company is committed to a policy of environmental responsibility in all of its business dealings. This policy ensures that when the company can either directly or indirectly influence decisions that have an impact on the environment, this influence is used responsibly.

Principal activities
The principal activity of the company is investment and wealth management. The company maintains and actively manages a diversified portfolio of assets including long-term equity and similar securities, investment properties, managed private equity, property development projects and cash.

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the company other than as disclosed elsewhere in this report.

Matters subsequent to the end of the financial year
The company announced a bonus issue of ordinary shares on the 30 September 2015. The allotment of the shares was completed on the 22 October 2015, resulting in 4,897,284 ordinary shares being issued. The issued capital post allotment of the bonus issue is 53,873,601 ordinary shares.

No other matter or circumstance has arisen since the end of the financial year which has significantly affected, or may significantly affect, the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

Likely developments and expected results of operations
Further information on likely developments in the operations of the company is included in the Managing Director's Review of Operations on page 2.

Directors' interests

The following persons were directors or officers of Gowing Bros. Limited either during or since the end of the year.

	Shares	Options
W. A. Salier - Chairman Non-Executive Bachelor of Arts, LL.B., LL.M. (Harvard) Director since 1974 Member of the Audit Committee Mr Salier is a solicitor with 48 years' experience No directorships held in other listed companies over the past 3 years	54,794	-
J. E. Gowing - Managing Director Executive Bachelor of Commerce Member of Chartered Accountants Australia and New Zealand Member of CPA Australia Member of the Remuneration Committee Director since 1983 No directorships held in other listed companies over the past 3 years	18,989,368	-
J. G. Parker Non-Executive Bachelor of Economics Director since 2002 Chairman of the Audit Committee Mr. Parker is a coach of senior executives, with over three decades as an investment professional. No directorships held in other listed companies over the past 3 years	50,000	-
R. D. Fraser Non-Executive Bachelor of Economics, Bachelor of Laws (Hons) Director since 2012 Member of the Audit Committee and Chairman of the Remuneration Committee Robert is a corporate adviser and company director with over 26 years of investment banking experience Robert is presently a director of Taylor Collison Limited and a non-executive director of ARB Corporation, F.F.I. Holdings Limited and Magellan Financial Group Limited	63,118	-
J. Zulman Company Secretary BA Law, Diploma Jurisprudence Secretary since April 2015 Jeff is a corporate adviser and company director. Jeff is presently a non-executive director of Spring FG Limited	-	-
J. S. Byers Company Secretary Bachelor of Commerce, LL.B Secretary until April 2015	-	-

Meetings of directors

Attendance at Board, Audit Committee & Remuneration Committee meetings by each director of the company during the financial year is set out below:

	BOARD MEETINGS		AUDIT COMMITTEE MEETINGS		REMUNERATION COMMITTEE MEETINGS	
	Meetings eligible to attend	Attended	Meetings eligible to attend	Attended	Meetings eligible to attend	Attended
W. A. Salier	9	8	3	3	-	-
J. E. Gowing	9	9	-	-	1	1
J. G. Parker	9	9	3	3	-	-
R. D. Fraser	9	9	3	3	1	1

Remuneration report

The company's remuneration report, which forms a part of the Directors' Report, is on pages 12 to 14.

Corporate governance

The company's statement on the main corporate governance practices in place during the year is set out on the company's website at http://gowings.com/reports-announcements/

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 43.

Shares under option

There were no unissued shares under option at the date of this report.

Indemnification and insurance of directors and officers

The company's constitution provides an indemnity for every officer against any liability incurred in his capacity as an officer of the company to another person, except the company or a body corporate related to the company, unless such liability arises out of conduct involving lack of good faith on the part of the officer. The constitution further provides for an indemnity in respect of legal costs incurred by those persons in defending proceedings in which judgement is given in their favour, they are acquitted or the court grants them relief. During the year the company paid insurance premiums in respect of the aforementioned indemnities. Disclosure of the amount of the premiums and of the liabilities covered is prohibited under the insurance contract.

Non-audit services

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company are important.

The board of directors has considered the position in accordance with advice received from the Audit Committee and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001.* The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure that they do not impact the impartiality and objectivity of the auditor;
- none of the services undermine the general principles relating to auditor independence as set out in APES110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

Audit and non-audit fees

During the year the following fees were paid or payable for services provided by the auditor of the company and its related practices.

	2015 $	2014 $
1. Audit services		
Audit and review of financial reports and other audit work under the Corporations Act 2001	90,000	88,000
2. Taxation services		
Tax compliance services, including review of company income tax returns	16,250	18,250
General tax advisory services	3,300	950

Rounding of amounts

The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases to the nearest dollar.

Environmental regulation

No significant environmental regulations apply to the company.

This report is made in accordance with a resolution of the directors of Gowing Bros. Limited.

W. A. SALIER
Director

J. E. GOWING
Director

Sydney
27 October 2015

REMUNERATION REPORT

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Additional information

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001.*

Principles used to determine the nature and amount of remuneration
It is the company's objective to provide maximum stakeholder benefit from the retention of a high quality board and executive team by remunerating directors and executives fairly and appropriately with reference to relevant employment market conditions and the nature of company operations.

The Board has established a Remuneration Committee which consists of the following directors:

- R. D. Fraser, Chairman of the Remuneration Committee
- J. E. Gowing, Managing Director

Non-executive directors
For non-executive directors, remuneration is by way of directors' fees as described below. For the executive director and four senior executives, remuneration is by way of a fixed salary component and a discretionary incentive component as described below.

Persons who were non-executive directors of the company for all or part of the financial year ended 31 July 2015 were:

- W. A. Salier, Chairman of the Board
- J. G. Parker
- R. D. Fraser

Directors' fees
The remuneration of non-executive directors is determined in accordance with the directors' remuneration provisions of the company's constitution. Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Remuneration Committee in line with the market and approved by the Board. The Chairman's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market. Non-executive directors do not receive any performance based remuneration or share options.

There is no scheme to provide retirement benefits to non-executive directors.

Executives
Executives are officers of the company who are involved in, concerned with, take part in and are able to influence decisions in the management of the affairs of the company. Persons who were executives for all or part of the financial year ended 31 July 2015 were:

- J. E. Gowing, Managing Director
- G. J. Grundy, General Manager
- M. D. de Lepervanche, Chief Financial Officer
- S. Byers, Company Secretary, Leasing Executive

Executive remuneration is a combination of a fixed total employment cost package and a discretionary incentive element which may be awarded by cash bonus or invitation to participate in the company's Employee Share & Option Scheme or Deferred Employee Share Plan Scheme. Remuneration is referenced to relevant employment market conditions and reviewed annually to ensure that it is competitive and reasonable.

The incentive element is awarded at the discretion of the Remuneration Committee and approved by the Board on the basis of recommendations from the Managing Director. The Managing Director's incentive element is awarded at the discretion of the Remuneration Committee and approved by the Board. In determining the amount (if any) of bonus payments or of options or shares issued, consideration is given to an executive's effort and contribution to both the current year performance and the long term performance of the company, the scope of the executive's responsibility within the company, the scale and complexity of investments required to be managed, the degree of active management required and the degree of skill exhibited in the overall process. Regard is also given to the quantum of an executive's total remuneration. The 2015 Financial Year bonus is limited to 40% of the base package of the relevant executive, subject to the discretion of the Committee, for exceptional performance.

Details of remuneration
Details of the remuneration of the directors and the key management personnel are set out in the following tables:

2015	SHORT TERM EMPLOYEE BENEFITS				SHARE BASED COMPENSATION	POST-EMPLOYMENT BENEFITS	LONG TERM BENEFITS	TOTAL
Name	Cash salary and fees	Cash bonus	Movement in provision for annual leave	Non-monetary benefits	Shares bonus	Superannuation	Movement in provision for long service leave	
Non-executive directors								
W. A. Salier (Chairman)	80,000	-	-	-	-	-	-	80,000
J. G. Parker	50,000	-	-	-	-	10,000	-	60,000
R. D. Fraser	54,795	-	-	-	-	5,205	-	60,000
Non-executive directors	184,795	-	-	-	-	15,205	-	200,000
Executive directors								
J. E. Gowing	219,178	100,000	(20,041)	25,720	-	20,822	4,096	349,775
Other key management personnel								
G. J. Grundy	277,681	-	(2,303)	-	150,000	25,000	4,613	454,991
J. S. Byers*	187,943	-	(44,493)	-	-	9,146	(53,336)	99,260
M. D. de Lepervanche	144,977	-	14,601	-	50,000	13,773	19,951	243,302
Total key management personnel compensation	1,014,574	100,000	(52,236)	25,720	200,000	83,946	(24,676)	1,347,328

** J.S. Byers resigned in January 2015*

2014	SHORT TERM EMPLOYEE BENEFITS				SHARE BASED COMPENSATION	POST-EMPLOYMENT BENEFITS	LONG TERM BENEFITS	TOTAL
Name	Cash salary and fees	Cash bonus	Movement in provision for annual leave	Non-monetary benefits	Shares bonus	Superannuation	Movement in provision for long service leave	
Non-executive directors								
W. A. Salier (Chairman)	80,000	-	-	-	-	-	-	80,000
J. G. Parker	50,000	-	-	-	-	10,000	-	60,000
R. D. Fraser	54,909	-	-	-	-	5,091	-	60,000
Non-executive directors	184,909	-	-	-	-	15,091	-	200,000
Executive directors								
J. E. Gowing	219,596	80,000	(30,408)	35,405	-	20,362	4,097	329,052
Other key management personnel								
G. J. Grundy	277,581	-	2,277	-	180,000	25,058	4,625	489,541
J. S. Byers	206,590	30,000	(11,763)	28,418	-	25,036	3,925	282,206
M. D. de Lepervanche	137,247	50,000	7,782	-	-	12,726	-	207,755
Total key management personnel compensation	1,025,923	160,000	(32,112)	63,823	180,000	98,273	12,647	1,508,554

Share based compensation includes shares issued from the Deferred Employee Share Plan.

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

NAME	FIXED REMUNERATION		AT RISK	
	2015 %	2014 %	2015 %	2014 %
Executive directors				
J. E. Gowing	71	76	29	24
Other key management personnel				
G. J. Grundy	67	63	33	37
J. S. Byers	100	89	-	11
M. D. de Lepervanche	79	76	21	24

Service agreements

There are service agreements in place with W. Salier, J. Parker, R. Fraser, J. Gowing, M. de Lepervanche and G. Grundy.

J.S. Byers resigned as a full time executive as at January 2015, while continuing as company secretary until April 2015. During this period lease and company secretary duties were based on an hourly rate. Payments of $20,612 were made during the year (2014: nil).

Remuneration and other terms of employment for the Managing Director, executives and other key management personnel are approved by the Board and provide for the provision of performance-related bonuses.

Other major provisions relating to remuneration are set out below:

J. E. Gowing, *Managing Director*
- No fixed term
- Base salary, inclusive of superannuation, as at 31 July 2015 of $280,000, to be reviewed annually by the Remuneration Committee
- Non-monetary benefits included motor vehicle, car parking and FBT related charges for the year ended 31 July 2015 of $25,720
- No termination benefit is payable

G. J. Grundy, *General Manager*
- No fixed term
- Base salary, inclusive of superannuation, as at 31 July 2015 of $271,018, to be reviewed annually by the Remuneration Committee
- Other benefits included motor vehicle allowance for the year ended 31 July 2015 of $28,982
- No termination benefit is payable

M. D. de Lepervanche, Chief Financial Officer
- No fixed term
- Base salary, inclusive of superannuation, as at 31 July 2015 of $165,000, to be reviewed annually by the Remuneration Committee
- No termination benefit is payable

Additional information
Employee Share & Option Scheme:
The scheme is operational. No shares or options were issued under this scheme during the year.

Deferred Employee Share Plan Scheme:
All employees excluding directors are eligible to participate in the company's Deferred Employee Share Plan Scheme. Shares issued under this plan during the year were purchased on market.

The company Employee Share & Option Scheme and Deferred Employee Share Plan Scheme may be utilised as a part of the award of any incentive payment for all employees.

At the 2014 Annual General Meeting, more than 25% of eligible voters voted against the adoption of the Remuneration Report. In response, the Board has undertaken a review of the company's remuneration policies and practices and is satisfied that they are appropriate.

ASX LISTING REQUIREMENTS

1. Shareholders at 30 September 2015

Range of shares	No of shareholders
1-1,000 shares	301
1,001-5,000 shares	414
5,001-10,000 shares	175
10,001-100,000 shares	275
Over 100,000 shares	35
Total shareholders	1,200

The number of shareholdings held in less than marketable parcels is 103.

2. Voting rights
Members voting personally or by proxy have one vote for each share.

3. Substantial shareholders at 30 September 2015
The substantial shareholders as defined by Section 9 of the *Corporations Act 2001* are:

John Edward Gowing	18,989,868	Ordinary Shares
Carlton Hotel Limited	4,273,768	Ordinary Shares
J P Morgan Nominees Australia Limited	3,551,559	Ordinary Shares

4. Top twenty equity security holders at 30 September 2015
In accordance with Australian Securities Exchange Listing Rule 4.10, the top twenty equity security holders are:

		No of ordinary shares	% of issued shares
1	Warwick Pty Limited	6,555,799	13.39
2	Audley Investments Pty Ltd	4,785,416	9.77
3	Mr John Edward Gowing	4,421,726	9.04
4	Carlton Hotel Limited	4,273,768	8.73
5	JP Morgan Nominees Australia Limited	3,551,559	7.25
6	Woodside Pty Limited	2,823,268	5.76
7	Diversified United Investment Limited	1,984,000	4.05
8	Australian United Investment Company Limited	1,982,020	4.05
9	The Ian Potter Foundation Ltd	1,657,352	3.38
10	Mr Frederick Bruce Wareham	820,104	1.67
11	Enbeear Pty Limited	578,936	1.18
12	Beta Gamma Pty Ltd	550,000	1.12
13	Mrs Jean Kathleen Poole-Williamson	516,767	1.06
14	T N Phillips Investments Pty Ltd	500,000	1.02
15	Mythia Pty Ltd	385,000	0.79
16	Mr Graeme Legge	339,337	0.69
17	Invia Custodian Pty Limited	325,000	0.66
18	Cadmea Pty Ltd	299,762	0.61
19	National Reliance Investment & Underwriting Company Pty Ltd	280,350	0.57
20	National Nominees Limited	272,883	0.56
Total		36,903,047	75.35
Total issued share capital		48,976,317	

5. Corporate governance practices

The company's statement on the main corporate governance practices in place during the year is set out on the Company's website at http://gowings.com/reports-announcements/

FINANCIAL REPORT

The financial statements were authorised for issue by the directors on 27 October 2015.
The directors have the power to amend and reissue the financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2015 $'000	2014 $'000
Revenue			
Interest income		224	219
Equities		1,621	1,595
Private equities	5	-	241
Investment properties	16	19,086	18,307
Total revenue		20,931	20,362
Other income			
Gains / (losses) on disposal or revaluation of:			
Equities	13	1,258	618
Private equities	14	(169)	626
Investment properties	16	17,086	12,266
Development properties	8	472	49
Other income		1,420	127
Total other income		20,067	13,686
Total revenue and other income		40,998	34,048
Expenses			
Investment property expenses	16	7,416	7,742
Administration expenses		1,039	804
Borrowing cost expenses	5	3,123	3,266
Depreciation expenses		124	120
Employee benefits expense		1,427	1,786
Public company expenses		423	428
Total expenses		13,552	14,146
Profit from continuing operations before impairment & income tax expense		27,446	19,902
Unrealised impairment - equities		(266)	(419)
Profit before income tax expense		27,180	19,483
Income tax expense	6	(8,066)	(5,415)
Profit from continuing operations		19,114	14,068
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Net increase in fair value of investments net of income tax		3,390	4,751
Total comprehensive income attributable to members of Gowing Bros. Limited		22,504	18,819
Basic earnings per share	36	39.02c	28.71c
Diluted earnings per share	36	39.02c	28.71c

The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2015

	Notes	2015 $'000	2014 $'000
Current assets			
Cash and cash equivalents	7	12,839	7,243
Development properties	8	1,264	1,237
Loans receivable	12	1,202	1,222
Unlisted bonds		-	501
Trade and other receivables	9	868	871
Other	10	679	931
Total current assets		16,852	12,005
Non-current assets			
Receivables	11	304	413
Equities	13	51,905	43,790
Private equities	14	2,604	4,029
Development properties	15	1,454	1,446
Investment properties	16	182,787	164,627
Property, plant and equipment	17	3,074	2,975
Deferred tax assets	18	4,331	5,679
Other	19	2,231	2,331
Total non-current assets		248,690	225,290
Total assets		265,542	237,295
Current liabilities			
Trade and other payables	20	2,083	2,231
Borrowings	21	5,955	2,060
Current tax liabilities	22	492	217
Provisions	23	185	234
Total current liabilities		8,715	4,742
Non-current liabilities			
Borrowings	24	47,000	47,224
Provisions	25	189	212
Deferred tax liabilities	26	22,867	14,915
Total non-current liabilities		70,056	62,351
Total liabilities		78,771	67,093
Net assets		186,771	170,202
Equity			
Contributed equity	27	13,217	13,275
Reserves	28	108,044	104,654
Retained profits		65,510	52,273
Total equity		186,771	170,202

The above Statement of Financial Position should be read in conjunction with the accompanying notes

STATEMENT OF CHANGES IN EQUITY

	Notes	Contributed Equity $'000	Capital Profits Reserve- Pre CGT Profits $'000	Investment Revaluation Reserve Equities $'000	Retained Profits $'000	Total $'000
Balance at 1 August 2013		13,294	90,503	9,400	44,085	157,282
Total comprehensive income for the year		-	-	4,751	14,068	18,819
Transactions with owners in their capacity as owners:						
Share buy-back	27	(19)	-	-	-	(19)
Dividends paid	29	-	-	-	(5,880)	(5,880)
Balance at 31 July 2014		13,275	90,503	14,151	52,273	170,202
Total comprehensive income for the year		-	-	3,390	19,114	22,504
Transactions with owners in their capacity as owners:						
Share buy-back	27	(58)	-	-	-	(58)
Dividends paid	29	-	-	-	(5,877)	(5,877)
Balance at 31 July 2015		13,217	90,503	17,541	65,510	186,771

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

STATEMENT OF CASH FLOWS

	Notes	2015 $'000	2014 $'000
Cash flows from operating activities			
Receipts in the course of operations (inclusive of GST)		21,360	20,302
Payments to suppliers and employees (inclusive of GST)		(10,052)	(13,407)
Dividends received		1,621	1,595
Interest received		240	227
Borrowing costs		(3,123)	(3,266)
Income taxes paid		56	(249)
Net cash inflows from operating activities	37	10,102	5,202
Cash flows from investing activities			
Payments for purchases of properties, plant and equipment		(222)	(273)
Payments for purchases of development properties		(390)	(1,563)
Payments for purchases of investment properties		(2,818)	(1,443)
Payments for purchase of equity investments		(7,572)	(2,627)
Loans made		(381)	(1,222)
Payments for other assets		-	(700)
Proceeds from sale of properties, plant and equipment		-	32
Proceeds from sale of financial assets		7,051	8,426
Proceeds from sale of investment properties		649	-
Proceeds from loans on development properties		676	-
Proceeds from sale of development properties		828	364
Proceeds from sale of other assets		1	-
Net cash (outflows)/inflow from investing activities		(2,178)	994
Cash flows from financing activities			
Payments for share buy-backs		(58)	(19)
Proceeds from borrowings		3,768	1,284
Repayment of borrowings		(161)	(1,122)
Dividends paid		(5,877)	(5,880)
Net cash (outflow) from financing activities		(2,328)	(5,737)
Net increase in cash held		5,596	459
Cash and cash equivalents at the beginning of the financial year		7,243	6,784
Cash and cash equivalents at the end of the financial year	7	12,839	7,243

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

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation
This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001.*

Compliance with IFRS
The financial statements of Gowing Bros. Limited comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of equities (available-for-sale financial assets), private equities and investment properties.

Critical accounting estimates
The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Areas involving a higher degree of judgement and complexity or where assumptions and estimates are significant to the financial statements are disclosed in note 3.

New and amended standards adopted
The company has applied the following standards for the first time for their annual reporting period commencing 1 August 2014:

- AASB 2014-1 Amendments to Australian Accounting Standards

The adoption of AASB 2014-1 did not result in any changes in accounting policies or adjustments to the amounts recognised in the financial statements.

(b) Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker including:

- Cash and other receivables
- Equities
- Private equities
- Investment properties
- Development properties
- Other

(c) Foreign currency translation
(i) Functional and presentation currency
Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ("functional currency"). The financial statements are presented in Australian dollars, which is Gowing Bros. Limited's functional and presentation currency.
(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Translation differences on private equities and development properties held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on equities are recognised in equity.

(d) Income tax
The income tax expense or revenue for the period is the tax payable on the current period's taxable income adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled.

No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or loss or taxable profit or loss. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Impairment of assets
Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(f) Property, plant and equipment
Property, plant and equipment (excluding freehold properties) are measured at cost. Costs are measured at fair value of assets given up, shares issued or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition. Freehold properties are measured at fair value, with changes in fair value recognised in other comprehensive income. Depreciation is calculated on a straight-line basis to write off the net cost or revalued amount of each item of plant and equipment (excluding freehold land) over its expected useful life to the company. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. Land is not depreciated. Depreciation is calculated to allocate cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Furniture, fittings and equipment	3 to 10 years
Motor vehicles	6 to 8 years
Buildings	40 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(g) Revenue recognition
Revenue is recognised for the major business activities as follows:
(i) Equities
Dividend income is recognised when received. Revenue from the sale of investments is recognised at trade date.
(ii) Property rental
Rental income is recognised in accordance with the underlying rental agreements.
(iii) Land development and sale
Revenue is recognised on settlement.
(iv) Property construction and sale
Contract revenue and expenses are recognised in accordance with the percentage completion method unless the outcome of the contract cannot be reliably estimated. Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense when incurred, and where it is probable that costs will be recovered, revenue is recognised to the extent of costs incurred. Where it is probable that a loss will arise from a construction contract, the excess of the total expected contract costs over total expected contract revenue is recognised as an expense immediately.
(v) Other investment revenue
Changes in fair value of private equities are recognised through profit or loss. Trust income and option income is recognised when earned.
(vi) Other property revenue
Other property revenue is recognised in accordance with underlying agreements.
(vii) Interest revenue
Interest income is recognised on an accrual basis.

(h) Receivables
Receivables consists mainly of amounts due from rental income. Amounts are usually due within seven days from invoice date. Amounts due for the sale of financial assets and properties are usually due on settlement unless the specific contract provides for extended terms.

(i) Investments and other financial assets
The company classifies its investments in the following categories: private equities (financial assets at fair value through profit or loss) and equities (available-for-sale financial assets). The classification depends on the purpose for which it was acquired. Management determines the classification on initial recognition.
(i) Equities
Equities, comprising principally marketable equity securities, are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the statement of financial position date.
(ii) Private equities
Private equities are held with the view that they are long term investments.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Investments and other financial assets (continued)

Recognition/de-recognition and subsequent measurement

Regular purchases and sales of investments are recognised on trade-date - the date on which the company commits to the purchase or sale of the asset. Investments in equities are initially recognised at fair value plus transaction costs. Investments in private equities are initially recognised at fair value, and transaction costs are expensed in profit or loss.

Interests in equities are brought to account at fair value, with the change in fair value reflected in the long term revaluation reserve. Interests in private equities are brought to account at fair value, with any change in fair value reflected in profit or loss. The interest in joint ventures is accounted for as set out in note 34. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

The fair values of quoted investments are based on current market prices. If the market for a financial asset is not active (and for unlisted securities), the company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and relying as little as possible on company-specific inputs.

Impairment

The company assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equities, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the security is impaired. If any such evidence exists for equities, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that asset previously recognised in profit or loss, is transferred to profit or loss. Impairment losses recognised in profit or loss on equities are not reversed through profit or loss.

(j) Investment properties

Investment property, principally comprising freehold commercial and retail buildings, is held for long-term rental yields and is not occupied by the company. Investment property is carried at fair value determined annually by management. Changes in fair values are recorded in profit or loss as part of other income.

(k) Joint ventures

Jointly controlled assets

The proportionate interests in the assets, liabilities and expenses of joint venture activities have been incorporated in the financial statements under the appropriate headings. Details of the joint ventures are set out in note 34.

(l) Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days after the end of the month of recognition.

(m) Borrowings

Bills payable are carried at their principal amounts. Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

(n) Dividends

Provision is made for the amount of any dividend declared, determined or publicly recommended by the directors on or before the end of the financial year but not distributed at balance date.

(o) Employee entitlements

(i) Wages, salaries and annual leave

Liabilities for wages, salaries and annual leave are recognised in other creditors, and are measured as the amount unpaid at the reporting date in respect of employees' services up to that date at pay rates expected to be paid when the liabilities are settled.

(ii) Long service leave

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels and periods of service.

(p) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred except where they are included in the costs of qualifying assets.

Only borrowing costs relating specifically to the qualifying asset are capitalised.

Borrowing costs include interest on bank overdrafts and short-term and long-term borrowings, including amounts paid or received on interest rate swaps.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Cash and cash equivalents
For purposes of the statement of cash flows, cash includes deposits at call which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(r) Leases
Leases of property, plant and equipment where the company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance costs. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the company will obtain ownership at the end of the lease term.

(s) Earnings per share
(i) Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.
(ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after tax effect of the interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(t) Rounding of amounts
The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases to the nearest dollar.

(u) New accounting standards and interpretations
Certain new accounting standards and interpretations have been published that are not mandatory for 31 July 2015 reporting periods. These standards and interpretations are not expected to have a material impact on the company other than as set out below.

AASB 9 *Financial Instruments* (effective for reporting periods beginning on or after 1January 2018)

AASB 9 *Financial Instruments* addresses the classification and measurement of financial assets and is likely to affect the company's accounting for its financial assets. The standard is not applicable until 1 January 2018 but is available for early adoption. The company is yet to assess its full impact. However, initial indications are that it may affect the company's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading.

AASB 15 Revenue from Contracts with Customers is not applicable until 1 January 2017 but is available for early adoption. The company is yet to assess its full impact. However initial indications are that it will not have a material impact on the current accounting of the company.

The company has decided against early adoption of both these standards.

(v) Comparative information
Information has been reclassified where applicable to enhance comparability.

2. FINANCIAL RISK MANAGEMENT

The company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk), liquidity risk, credit risk and fair value estimation risk. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company through the mix of investment classes. The board of directors and management undertake various risk management practices, both informally on a daily basis and formally on a monthly basis at board level. Risks are identified and prioritised according to significance and probability. Progress towards managing these risks is documented and formally reviewed on a monthly basis.

Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the company's functional currency. The company does not have a policy with regard to hedging currency risk. The company has not hedged its foreign currency investments. The multiple currencies provide diversification benefits to the portfolio. The company monitors foreign currency movements daily and seeks advice from foreign currency specialists as to potential courses of action that may protect or enhance the value of the company's investments.

The company's exposure to foreign currency risk at the reporting date was as follows:

	31 July 2015				31 July 2014			
Currency exposure in AUD	USD $'000	EUR $'000	GBP $'000	CHF $'000	USD $'000	EUR $'000	GBP $'000	CHF $'000
Cash	10,372	-	1,438	-	1,551	408	209	232
Development and investment properties	1,984	-	-	-	1,664	-	-	-
Loans receivable	1,201	-	-	-	1,222	-	-	-
Bank Loans	294	-	-	-	224	-	-	-
Equities	1,349	-	-	-	536	-	-	-
Private equities	503	382	-	-	-	1,931	-	-

Based on the cash held at 31 July 2015, if the Australian dollar weakened / strengthened by 10% against the US dollar cash would have been $1,152,395 higher / $942,869 lower (2014: $172,382 higher / $141,040 lower). There were no currency holdings in EUR at year end (2014: $45,373 higher / $37,123 lower). If the Australian dollar weakened / strengthened by 10% against the GBP cash would have been $159,798 higher / $130,743 lower (2014: $23,256 higher / $19,027) lower. There were no currency holdings in CHF currency at year end (2014: $25,811 higher / $21,118 lower).

Based on the development and investment properties held at 31 July 2015, if the Australian dollar weakened / strengthened by 10% against the development and investment properties would have been $199,554 higher / $197,530 lower (2014: $184,911 higher / $151,291 lower).

Based on the loans receivables held at 31 July 2015, if the Australian dollar weakened / strengthened by 10% against the US loans receivables would have been $133,553 higher / $109,271 lower (2014: $135,833 higher / $111,136 lower).

Based on the bank loans held at 31 July 2015, if the Australian dollar weakened / strengthened by 10% against the US bank loans would have been $32,748 higher / $26,794 lower (2014: $24,867 higher / $20,346 lower).

Based on the equities held at 31 July 2015, if the Australian dollar weakened / strengthened by 10% against the US equities would have been $149,898 higher / $122,644 lower (2014: $59,580 higher / $48,748 lower).

Based on the private equities held at 31 July 2015, if the Australian dollar weakened / strengthened by 10% against the EUR private equities would have been $42,509 higher / $34,780 lower (2014: $214,538 higher / $175,531 lower).If the Australian dollar weakened / strengthened by 10% against the USD private equities would have been $55,911 higher / $45,745 lower (2014: $nil / $nil).

The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date.

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Price risk

The company is exposed to asset price risk. This arises from equities and private equities held by the company and classified on the balance sheet either as available-for-sale or at fair value through profit or loss. A price reduction at 5% and 10% spread equally over the investment portfolio would reduce its value by $2,725,439 (2014: $2,390,968) and $5,450,879 (2014: $4,781,936) respectively.

The company seeks to reduce market risk at the investment portfolio level by ensuring that it is not overly exposed to one company or one particular sector of the market. The relative weightings of the individual investments and the relevant market sectors are reviewed regularly and risk can be managed by reducing exposure where necessary. The company does not have set parameters as to a minimum or maximum amount of the portfolio that can be invested in a single company or sector. The writing and purchasing of options provides some protection against a fall in market prices by both generating income to partially compensate for a fall in capital values and buying put protection to lock in asset prices.

(iii) Cash flow and fair value interest rate risk

The company's interest-rate risk arises from long-term borrowings and cash on deposit. Borrowings issued at variable rates expose the company to cash flow interest-rate risk. Borrowings issued at fixed rates expose the company to fair value interest-rate risk. The company's interest bearing assets include deposits on the overnight money market. Interest earnt on these deposits varies according to the Reserve Bank's monetary policy decisions.

As at the reporting date, the company had the following variable rate borrowings and interest rate swap contracts outstanding:

	31 July 2015		31 July 2014	
	Weighted average interest rate	Balance $'000	Weighted average interest rate	Balance $'000
Borrowings	4.34%	52,955	4.45%	49,284
Interest rate swaps (notional principal amount)	4.98%	(35,000)	5.14%	(35,000)
Net exposure to cash flow interest rate risk		17,955		14,284

The company entered into a forward swap contract with the Australia and New Zealand Banking Group Limited for $16 million commencing 19 December 2016 with an interest rate of 3.83% and expiry on 18 December 2019.

Credit risk
The company has loan receivables of $1.2m which are indirectly secured against acquired development properties. The company has no material exposure to trade receivables.

Liquidity risk
This is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close-out market positions. Management monitors its cash flow requirements daily. Furthermore, management monitors the level of contingent payments on a weekly basis by reference to known sales and purchases of securities and dividends and distributions to be paid or received.

Maturities of financial liabilities
The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date.

31 July 2015	Less than 1 year	Between 1-2 years	Between 2-5 years	Over 5 years	Total contractual cash flow
	$'000	$'000	$'000	$'000	$'000
Non-derivatives					
Non-interest bearing	2,083	-	-	-	2,083
Variable rate	5,661	40,000	7,000	-	52,661
Fixed rate	294	-		-	294
Total non-derivatives	8,038	40,000	7,000	-	55,038
Derivatives					
Interest rate swaps (to be settled on a net basis)	-	20,000	15,000	-	35,000

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

31 July 2014	Less than 1 year	Between 1-2 years	Between 2-5 years	Over 5 years	Total contractual cash flow
	$'000	$'000	$'000	$'000	$'000
Non-derivatives					
Non-interest bearing	2,231	-	-	-	2,231
Variable rate	2,050	47,224	-	-	49,274
Fixed rate	10	-	-	-	10
Total non-derivatives	4,291	47,224	-	-	51,515
Derivatives					
Interest rate swaps (to be settled on a net basis)	5,000	20,000	-	10,000	35,000

Fair value estimation risk
The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

Fair value hierarchy
The company 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 company 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 liability.

The following tables present the company's assets measured and recognised at fair value at 31July 2015 and 31 July 2014.

31 July 2015	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Investments – Australian equities	42,037	-	8,519	50,556
Investments – Global equities	-	-	1,349	1,349
Investments – unlisted bonds	-	-	-	-
Investments – private equities	-	-	2,604	2,604
Investments – Investment properties	-	-	182,787	182,787
Freehold Properties	-	-	2,381	2,381
	42,037	-	197,640	239,677

31 July 2014	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Investments – Australian equities	33,704	-	9,526	43,230
Investments – Global equities	-	-	560	560
Investments – unlisted bonds	-	-	501	501
Investments – private equities	-	-	4,029	4,029
Investments – Investment properties	-	-	164,627	164,627
Freehold Properties	-	-	2,338	2,338
	33,704	-	181,581	215,285

There were no transfers between level 1 and level 2 for recurring fair value measurements during the year. For transfers in and out of level 3 see below.

The company had no assets or liabilities measured at fair value on a non-recurring basis in the current period.

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

- The fair value of listed equities is based on quoted market prices at the reporting date.
- The fair value of directly held unlisted equity investments is determined by management valuations in accordance with the AVCAL valuation guidelines. A variety of methods are used including reference to recent shares issued and net assets of underlying investments.
- The fair value of investment properties are determined by capitalisation rates derived by using the income approach method and/or using external registered property valuers: refer to note 16.
- Investments in private equities primarily consist of investments in managed private equity funds, each of which consists of a number of investments in individual companies, none of which are material. Fair value of managed private equity investments has been determined using fund manager valuations, which are prepared in accordance with AVCAL Guidelines. Directors have reviewed those valuations. The valuations have been based on appropriate multiples applied to estimated maintainable earnings. Estimated maintainable earnings have been based on historical results, and expected future results.
- The fair value of freehold properties included in Property, Plant and equipment is determined by directors based on comparable property market information.

31 July 2015	Level 3
Reconciliation of level 3 fair value movements	**$'000**
Opening balance	181,581
Purchases	3,653
Sales	(2,918)
Amortisation	(1,124)
Gain recognised in profit or loss or other comprehensive income	16,448
Closing balance	197,640

31 July 2014	Level 3
Reconciliation of level 3 fair value movements	**$'000**
Opening balance	166,737
Purchases	2,385
Sales	(1,121)
Gain recognised in profit or loss or other comprehensive income	13,580
Closing balance	181,581

Refer to the following notes for reconciliation for separate class of assets.

- Equities – refer to note 13
- Private equities – refer to note 14
- Investment properties – refer to note 16

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Managed and Direct Private Equity

The company's practice for 'Managed Private Equity' valuations is to procure each Fund Manager's published unit price valuation and review it for reasonableness, potential misstatements and impairments. In reviewing each Fund Manager's valuation, consideration is given to audited accounts, compliance with Australian Venture Capital Association (AVCAL) valuation guidelines, Australian Accounting Standards, valuation methodology and assumptions, peer valuations, recent market prices, liquidity and control provisions, discussions with the Fund Manager and, where considered relevant, meetings with the underlying investee company's management.

The impact of the revaluation of managed private equities at 31 July 2015 was a loss of $1,326,390 (2014: a gain of $496,000) recognised in profit or loss.

The company holds 'Direct Private Equity' investments in unlisted private companies which have been valued using the Board and management's best estimation of market value. The valuation considerations for managed private equity are applied to direct private equity based on recent shares issued and net assets of underlying investments, liquidity and minority shareholder provisions.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

Investment property

Investment property valuations are estimated by the board and management with reference where possible to external valuations, market appraisals, recent comparable sales, date of purchase and capitalisation rate valuations. The impact on profit or loss relating to the revaluation of investment properties was a gain of $17,086,000 during 2015 (2014: $12,266,000).

4. SEGMENT INFORMATION

	2015 $'000	2014 $'000
The company operates only in Australia in the following segments based on the company's management reporting system: ▪ Cash and other receivable ▪ Equities ▪ Private equities ▪ Investment properties ▪ Development properties ▪ Other		
Segment revenue		
Cash and fixed interest – interest received	224	219
Equities – dividends and option income	1,621	1,595
Private equities – distributions received	-	241
Investment properties – rent received	19,086	18,307
	20,931	20,362
Segment other income		
Equities – realised gains on disposal	1,258	618
Private equities – unrealised fair value (losses)/gains	(169)	626
Investment properties – unrealised fair value (losses)	17,086	12,266
Development properties – realised gains on disposal	472	49
Other	1,420	127
	20,067	13,686
Total segment revenue and other income	40,998	34,048
Segment result		
Cash and fixed interest	224	219
Equities	2,613	1,794
Private equities	(169)	867
Investment properties	25,634	19,596
Development properties	472	49
Other	(1,594)	(3,042)
	27,180	19,483
Income tax (expense)	(8,066)	(5,415)
Net profit after tax	19,114	14,068

4. SEGMENT INFORMATION (CONTINUED)

	2015 $'000	2014 $'000
Segment assets		
Cash and other receivable	14,142	8,578
Equities	51,905	43,790
Private equities	2,604	4,029
Investment properties	182,787	164,627
Unlisted bonds	-	501
Development properties	3,920	3,905
Unallocated assets	10,184	11,865
Total assets	265,542	237,295
Segment liabilities		
Investment properties	49,195	49,274
Unallocated liabilities	29,576	17,819
Total liabilities	78,771	67,093
Acquisition of:		
- Investment properties	2,818	1,443
- Development properties	390	1,563
- Equities and unlisted bonds	7,572	2,627
- Other assets	-	700
Gains / (losses) on disposal or revaluation of:		
- Investment properties	17,086	12,266
- Development properties	472	49
- Equities	1,258	618
- Private equities	(169)	626
- Impairment – equities	(266)	(419)
Unallocated:		
- Depreciation	123	120
- Acquisition of property, plant and equipment	222	273

Accounting policies

Segment information is prepared in conformity with the accounting policies of the company as disclosed in note 1.

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. Segment assets include all assets used by a segment and consist primarily of operating cash, investments, investment 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 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 company.

5. OPERATING PROFIT

Profit from continuing operations before income tax expense includes the following specific items:

Gains		
Private equity investment distributions	-	241
Expenses		
Interest paid	3,123	3,266

6. INCOME TAX EXPENSE

	2015 $'000	2014 $'000
Income tax expense		
Current tax	618	217
Deferred tax	7,709	5,078
(Over)/under provided in prior years	(261)	120
	8,066	5,415
Income tax expense attributable to:		
Profit from continuing operations	8,066	5,415
Aggregate income tax expense on profit	8,066	5,415
Reconciliation of income tax expense to prima facie tax payable		
Profit from continuing operations before income tax expense	27,180	19,483
Tax at the Australian tax rate of 30% (2014: 30%)	8,154	5,845
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-assessable income	(142)	(79)
Franked dividends	(422)	(471)
(Over) / under provision in prior year	(261)	120
Recognition of deferred tax asset	737	-
Income tax expense	8,066	5,415
Amounts recognized directly in equity		
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity	1,453	2,038

7. CASH AND CASH EQUIVALENTS

Cash at bank and on hand	12,839	4,603
Deposits at call	-	2,640
	12,839	7,243

There were no deposits at call at the end of the year (2014: 3.90%).

8. CURRENT DEVELOPMENT PROPERTIES

At cost		
Balance at beginning of year	1,237	-
Additions	383	1,552
Sale of properties – proceeds	(828)	(364)
Revaluation to fair value or gain on disposal	472	49
Balance at end of year	1,264	1,237

9. TRADE AND OTHER RECEIVABLES

Trade debtors	1,024	954
Less: Provision for doubtful debts	(156)	(83)
	868	871

10. OTHER CURRENT ASSETS

Prepayments	679	931

11. NON-CURRENT RECEIVABLES

	2015 $'000	2014 $'000
Loans to employees	3	3
Other loans	301	410
	304	413

Other loans include a property development loan on which interest is charged at commercial rates.
The directors believe that the fair value of receivables equals the carrying amounts.

12. LOAN RECEIVABLES

Loan to property developers	1,202	1,222

Loans to property developers are charged at commercial interest rates.
The directors believe that the fair value of loan receivables equals their carrying amounts.

13. EQUITIES

At fair value		
Balance at beginning of year	43,790	40,050
Revaluation to fair value	4,843	6,789
Additions	7,062	2,598
Impairment	(266)	(419)
Disposal proceeds	(4,782)	(5,846)
Net gain on disposal	1,258	618
Balance at end of year	51,905	43,790

Changes in fair values of equities are recorded in equity.

14. PRIVATE EQUITIES

At fair value through profit or loss		
Balance at beginning of year	4,029	5,954
Revaluation to fair value	(1,327)	496
Additions	510	29
Disposal proceeds	(1,766)	(2,580)
Net gain on disposal	1,158	130
Balance at end of year	2,604	4,029

Changes in fair values of private equities at fair value through the profit or loss are recorded in other income.

15. DEVELOPMENT PROPERTIES

At cost		
Balance at beginning of year	1,446	1,435
Additions	8	11
Balance at end of year	1,454	1,446

16. NON-CURRENT INVESTMENT PROPERTIES

At fair value		
Balance at beginning of year	164,627	150,918
Acquisition of properties	2,818	1,443
Sale of properties – proceeds	(649)	-
Net gain on disposal	173	-
Amortisation of incentives	(1,095)	-
Net gain / (loss) from fair value adjustment	16,913	12,266
Balance at end of year	182,787	164,627

Amounts recognised in profit or loss for investment properties		
Rental revenue	19,086	18,307
Direct operating expenses from rental generating properties	(7,416)	(7,742)
	11,670	10,565

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

16. NON-CURRENT INVESTMENT PROPERTIES (CONTINUED)

The company has reviewed the properties' carrying values and present the following:

	Valuation Method	2015 Weighted Average Cap Rate (%)	2014 Weighted Average Cap Rate (%)	2015 $'000	2014 $'000
Sub regional – Shopping Centre	(a)	7.55	8.05	139,747	127,700
Neighbourhood – Shopping Centre	(a)	8.43	9.88	33,000	28,248
Other Properties	(b)	n/a	n/a	10,040	8,679
Total				182,787	164,627

(a) Fair value is based on capitalisation rates which reflect vacancy rates, tenant profile, lease expiry, development potential and the underlying physical condition of the centre. The higher the capitalisation rate, the lower the fair value. Capitalisation rates used at 31 July 2015 were based on management prepared valuations and externally prepared appraisals.

(b) Current prices in an active market for properties of similar nature or recent prices of different nature in less active markets.

17. PROPERTY, PLANT AND EQUIPMENT

	Freehold Properties	Motor vehicles	Furniture, fittings & equipment	Total
Year ended 31 July 2015				
Opening net book amount	2,338	225	412	2,975
Additions	73	92	57	222
Depreciation charge	(30)	(39)	(54)	(123)
Closing net book amount	2,381	278	415	3,074
At 31 July 2015				
Cost or fair value	2,677	416	858	3,951
Accumulated depreciation	(296)	(138)	(443)	(877)
Net book amount	2,381	278	415	3,074
Year ended 31 July 2014				
Opening net book amount	2,369	122	359	2,850
Additions	-	157	116	273
Disposals	-	(32)	-	(32)
Profit on disposal	-	4	-	4
Depreciation charge	(31)	(26)	(63)	(120)
Closing net book amount	2,338	225	412	2,975
At 31 July 2014				
Cost or fair value	2,604	324	801	3,729
Accumulated depreciation	(266)	(99)	(389)	(754)
Net book amount	2,338	225	412	2,975

18. DEFERRED TAX ASSETS

	2015 $'000	2014 $'000
The balance comprises temporary differences attributable to:		
Employee benefits	109	125
Accruals	224	328
Equities	1,470	1,758
Tax losses	1,179	1,399
Private equities	1,141	1,053
Development properties	-	900
Other	208	116
Net deferred tax assets	4,331	5,679
Movements		
Opening balance at 1 August	5,679	5,926
(Debited) / credited to profit or loss	(1,348)	(247)
Closing balance at 31 July	4,331	5,679
Deferred tax assets to be recovered after 12 months	2,611	3,712
Deferred tax assets to be recovered within 12 months	1,720	1,967
	4,331	5,679

19. OTHER NON-CURRENT ASSETS

Other assets	2,231	2,331

20. TRADE AND OTHER PAYABLES

Trade creditors	1,099	958
Other creditors and accruals	984	1,273
	2,083	2,231

21. CURRENT BORROWINGS

Bill payable – secured	1,900	2,050
Fixed loan - secured	294	-
Variable loan – secured	3,761	-
Finance lease – secured	-	10
	5,955	2,060

Risk

The company's exposure to interest rate changes arising from current and non-current borrowings is set out in note 2.

Security

Information about the security relating to each of the secured liabilities and the fair value of each of the borrowings is provided in note 24.

22. TAX LIABILITIES

Income tax	492	217

23. CURRENT PROVISIONS

Employee entitlements	185	234

24. NON-CURRENT BORROWINGS

	2015 $'000	2014 $'000
Bill payable – secured	47,000	47,000
Fixed loan	-	224
	47,000	47,224

Risk
The company's exposure to interest rate changes arising from current and non-current borrowings is set out in note 2.

Security
Details of the security relating to each of the secured liabilities and further information on banks loans are set out below.

Total secured liabilities
The total secured liabilities (current and non-current) are as follows:

	2015 $'000	2014 $'000
Bills payable[1]	48,900	49,050
Fixed loan[2]	294	224
Variable loan[3]	3,761	-
Finance lease	-	10
	52,955	49,284

Assets pledged as security
[1]$1.90m bill is secured against Bong Bong St, Bowral & 35-39 Wharf St, Forster; the facility is BBSY plus 1.00%.

[1]$26.0 million bill is secured against Port Central Shopping Centre ("SC"); the facility is BBSY plus 1.80%. The bank requires the business and company to meet certain financial ratios: the SC business must have a minimum interest coverage ratio of 1.80 times; the SC loan to valuation ratio not to exceed 50% (the LVR is measured against the specific asset/debt under this approval); the company gearing ratio must not exceed 40% and total tangible assets less total liabilities must be no less than $60 million.

[1]$7.0 million bill is secured against Kempsey Central SC; the facility is BBSY plus 1.95%. The bank requires the business and company to meet certain financial ratios: the SC business must have a minimum interest coverage ratio of 1.80 times; the SC loan to valuation ratio not to exceed 57% on day one and 51% 18 months from funding (the LVR is measured against the specific asset/debt under this approval); the company gearing ratio must not exceed 40% and total tangible assets less total liabilities must be no less than $60 million.

[1]$14.0 million bill is secured against Coffs Central SC; the facility is BBSY plus 1.63%. The bank requires the business and company to meet certain financial ratios: the SC business must have a minimum interest coverage ratio of 2.0 times; the SC loan to valuation ratio not to exceed 40% (the LVR is measured against the specific asset/debt under this approval); the company gearing ratio must not exceed 40% and total tangible assets less total liabilities must be no less than $60 million; the weighted average lease term (WALT) of the security must be not less than 2 years.

The company has complied with the borrowing ratios.

[2] The company has a fixed loan of $294,735 (US $214,979) (2014: $223,718/US $209,199) maturing on 18 October 2015 with an interest rate attached of 3.04% (2014: 3.04 %). The loan is secured against cash holdings with UBS Wealth Management Australia.

[3] The company has a variable loan of $3.8 million dollars secured against cash holdings with UBS Wealth Management Australia.

Financing arrangements
Unrestricted access was available at balance date to the following lines of credit:

	2015 $'000	2014 $'000
Total facilities		
Unsecured bank overdrafts	1,000	1,000
Secured bill facilities	48,900	49,050
Secured loan facility	4,055	10
	53,955	50,060
Used at balance date		
Secured bill facilities	48,900	49,050
Secured loan facility	4,055	234
	52,955	49,284
Unused at balance date		
Unsecured bank overdrafts	1,000	1,000
	1,000	1,000

The interest rates at balance date were up to a maximum of 5.59% on the secured bill facilities (2014: 4.81%).

24. NON-CURRENT BORROWINGS (CONTINUED)

On-balance sheet
The fair value of borrowings is based upon market prices where a market exists or by discounting the expected future cash flows by the current interest rates for liabilities with similar risk profiles.

Off-balance sheet
There are no off-balance sheet borrowings or contingencies other than as referred to in note 2.

25. NON-CURRENT PROVISIONS

	2015 $'000	2014 $'000
Employee entitlements	179	177
Other provisions	10	35
	189	212

26. DEFERRED TAX LIABILITIES

	2015 $'000	2014 $'000
The balance comprises temporary differences attributable to:		
Prepayments	131	166
Foreign exchange	331	-
Investment properties	14,887	8,684
Equities	7,518	6,065
Net deferred tax liabilities	22,867	14,915
Movements:		
Opening balance at 1 August	14,915	8,178
Charged / (credited) to profit or loss	6,499	4,699
Charged / (credited) to equity	1,453	2,038
Closing balance at 31 July	22,867	14,915
Deferred tax liabilities to be settled after 12 months	22,867	14,915
Deferred tax liabilities to be settled within 12 months	-	-
	22,867	14,915

27. CONTRIBUTED EQUITY

	Number of Shares 2015	Number of Shares 2014	2015 $'000	2014 $'000
Share capital				
Ordinary shares fully paid	48,976,317	48,996,567	13,217	13,275

Movements in ordinary share capital

Date	Details	Number of Shares	Issue Price Per Share	$'000
31/07/2014	Balance	48,996,567	-	13,275
29/09/2014	Share buy-back	(8,496)	$2.88	(24.4)
06/10/2014	Share buy-back	(183)	$2.86	(0.5)
23/10/2014	Share buy-back	(5,000)	$2.80	(14.0)
27/10/2014	Share buy-back	(571)	$2.80	(1.6)
29/01/2015	Share buy-back	(6,000)	$2.95	(17.7)
31/07/2015	Balance	48,976,317	-	13,217

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.

27. CONTRIBUTED EQUITY (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 remains suspended for current and future dividends.

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
20,250 shares were bought back during the year (2014: 6,758).

Capital risk management
The company's objective when managing capital is to safeguard the ability to continue as a going concern, so that continued returns to shareholders and benefits for other stakeholders can be provided while maintaining an optimal capital structure.

28. RESERVES

	2015 $'000	2014 $'000
Reserves		
Movements		
Capital profits reserve[1]		
Opening balance	90,503	90,503
Transfer from retained profits	-	-
Closing balance	90,503	90,503
Long term investment revaluation reserve[2]		
Opening balance	14,151	9,400
Fair value adjustments on available for sale assets		
-Equities	4,843	6,789
-Deferred tax applicable to fair value adjustments	(1,453)	(2,038)
Closing balance	17,541	14,151
Total reserves	108,044	104,654

[1] The capital profits reserve is used to record pre-CGT profits.
[2] The long term investment revaluation reserve is used to record increments and decrements on equities recognised in other comprehensive income. Amounts are reclassified to profit or loss when the equities are sold. Impaired amounts are recognised in profit or loss.

29. DIVIDENDS

	2015 $'000	2014 $'000
Ordinary shares		
2014 final dividend of 6.0 cents (2013: 6.0 cents final) per share	2,939	2,940
2015 Interim dividend of 6.0 cents (2014: 6.0 cents) per share	2,938	2,940
Total dividends declared	5,877	5,880
Dividends paid in cash	5,877	5,880
	5,877	5,880

Franked dividends declared and paid during the year were fully franked at the tax rate of 30%.

Dividends declared after year end
Subsequent to year end the directors have declared the payment of a final dividend of 6.0 cents per ordinary share fully franked based on tax paid at 30%. The maximum amount of the proposed dividend expected to be paid on 22 October 2015 out of retained profits at 31July 2015 is $2,938,579 (2014: $2,939,794).

The financial effect of the dividend declared subsequent to the reporting date has not been brought to account in the financial statements for the year ended 31 July 2015 and will be recognised in subsequent financial reports.

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

Franked dividends
The franked portions of the final dividends declared after 31 July 2015 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 31 July 2016.

	2015 $'000	2014 $'000
Franking credits available for subsequent financial years (tax paid basis)	7,298	8,151

The above amounts are based on the balance of the franking account at year end, adjusted for:
(a) franking credits that will arise from the payment of the current tax liability
(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date
(d) franking credits that may be prevented from being distributed in subsequent financial years.

30. REMUNERATION OF AUDITORS

Audit and review	90	88
Tax services	20	19
	110	107

31. COMMITMENTS FOR EXPENDITURE

Capital commitments
The company has uncalled capital commitments of up to $2,450,000 (2014: $2,450,000) over a period of up to 10 years in relation to private equity and property fund investments held at year end.

The company did not have any other capital commitments at balance date.

32. EMPLOYEE ENTITLEMENTS

Long service leave (note 25)	179	177
Accrual for annual leave (note 23)	185	234
Other accruals	498	572
	862	983

33. RELATED PARTIES

Directors
The names of persons who were directors of Gowing Bros. Limited at any time during the financial year were Messrs W. A. Salier, J. E. Gowing, J. G. Parker and R. D. Fraser.
All of the persons were also directors during the year ended 31 July 2015.

Remuneration
Information on remuneration of directors and other key management personnel is disclosed in the remuneration report.

	2015 $	2014 $
Directors and other key management personnel		
Short-term employee benefits	1,088,058	1,217,634
Share based compensation	200,000	180,000
Post-employment benefits	83,946	98,273
Long-term benefits	(24,676)	12,647
	1,347,328	1,508,554

Detailed remuneration disclosures can be found in the remuneration report on pages 12 to 14.

Movement in Shares

Key management person	Shares held* as at 31 July 2013 No.	Shares acquired/ (disposed) during the year No.	Shares held* as at 31 July 2014 No.	Shares acquired/ (disposed) during the year No.	Shares held* as at 31 July 2015 No.
W. A. Salier	54,794	-	54,794	-	54,794
J. E. Gowing	18,982,868	6,000	18,988,868	500	18,989,368
J. G. Parker	50,000	-	50,000	-	50,000
R. D. Fraser	63,118	-	63,118	-	63,118
G. J. Grundy	173,528	53,319	226,847	33,301	260,148
M. D. de Lepervanche	44,544	-	44,544	8,744	53,288

* Directly and indirectly

Mr J S Byers has resigned as both executive and company secretary during the year. His shareholding at the time of his departure was 50,000 shares (2014: 50,000)

Receivables from directors and executives
At year end there were no receivables from the directors and executives (2014: $NIL).

Transactions with key management personnel and directors

Key management person	Transaction type	2015	2014	2015	2014
J. E. Gowing[1]	Marketing services	61,844	111,260	-	-
R.D. Fraser[2]	Corporate research	-	3,300	-	-

1. The wife of Mr J E Gowing, Managing Director, is a director of Creative License Pty Limited. Creative License Pty Limited provided marketing services totalling $61,844 for the year. Dealings were at commercial rates, (2014: $108,057). The sons of Mr J E Gowing provided marketing services at market rates during the year on a casual basis, $4,481 (2014: $3,203).

2. Mr R D Fraser, a director, is a director and a significant shareholder of Taylor Collison Limited. Payments for research services it provided the company during the year totalled $nil (2014: $3,300).

There were no other transactions with directors and director related entities and executives.

34. INTERESTS IN JOINT VENTURES

Joint venture operations

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

The company has entered into a joint venture operation, known as Verge Street, as a long term investment property immediately adjacent to a new neighbouring shopping centre. The company has a 50% participating interest in this joint venture and is entitled to 50% of its output. The joint venture sold the property during the year realising a profit of $173,911. The joint venture will be dissolved in the first half of the 2016 financial year.

The company's interests in the assets employed in the joint ventures are included in the statement of financial position, in accordance with the accounting policy described in note 1(k), under the following classifications:

	2015 $'000	2014 $'000
Current assets		
Cash	26	80
Trade and other receivables	26	16
Total current assets	52	96
Non-current assets		
Investment properties	3,000	3,475
Total non-current assets	3,000	3,475
Current Share of assets employed in joint venture	3,052	3,571
Current liabilities		
Trade and other payables	13	16
Borrowings	1,900	2,050
Total current liabilities	1,913	2,066
Non-current liabilities		
Borrowings	-	-
Total non-current liabilities	-	-
Current share of liabilities employed in joint venture	1,913	2,066
Net assets employed in joint venture	1,139	1,505

$1.9 million of borrowings is secured against investment properties of Regional Retail Properties (note 24).

35. SHARE-BASED PAYMENTS

The Deferred Employee Share Plan has been in operation since 2006 which allows fully paid ordinary shares to be issued for no cash consideration from shares held by the Plan. All Australian resident permanent employees (excluding directors) who have been continuously employed by the company for a period of at least three years are eligible to participate in the scheme. Employees may elect not to participate in the scheme.

Shares are acquired on-market prior to the issue. Shares issued under the scheme may not be sold until the earlier of three years after issue or cessation of employment of the company. In all other respects the shares rank equally with other fully-paid ordinary shares on issue.

Options
No options were on issue at year end (2014: Nil).

36. EARNINGS PER SHARE

	2015	2014
Basic earnings per share (cents)	39.02c	28.71c
Diluted earnings per share (cents)	39.02c	28.71c
Weighted average number of ordinary shares on issue	48,982,027	49,002,518
Net profit after tax	$19,114,000	$14,068,000

37. RECONCILIATION OF NET PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2015 $'000	2014 $'000
Profit from ordinary activities after income tax	19,114	14,068
Amortisation	1,195	100
Depreciation	123	120
Impairment – equities	266	419
Net gain on sale of equities and private equities	(2,416)	(748)
Net gain on sale of investment properties	(173)	-
Net gain on sale of development properties	(256)	(49)
Net gain on sale of property, plant and equipment	-	(4)
Revaluation of development properties to market value	(216)	-
Revaluation of investment properties to market value	(16,913)	(12,266)
Revaluation of investments to market value	1,327	(496)
Revaluation of loan to market value	(214)	-
Other (expense) / income	(25)	9
Provisions for employee entitlements	(47)	(26)
Decrease / (increase) in receivables	112	(106)
Decrease / (increase) in prepayment	252	35
Decrease / (increase) in income taxes	8,122	5,166
Increase / (decrease) in trade creditors and accruals	(149)	(1,020)
Net cash inflow from operating activities	10,102	5,202

38. SUBSEQUENT EVENTS

The company announced a bonus issue of ordinary shares on the 30 September 2015. The allotment of the shares was completed on the 22 October 2015, resulting in 4,897,284 ordinary shares being issued. The issued capital post allotment of the bonus issue is 53,873,601 ordinary shares.

No other matter or circumstance has arisen since the end of the financial year which has significantly affected, or may significantly affect, the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

39. OTHER INFORMATION

Gowing Bros. Limited is incorporated and domiciled in New South Wales. The registered office, and principal place of business, is Unit 21, Jones Bay Wharf, 26 – 32 Pirrama Rd, Pyrmont NSW 2009.
Phone: 61 2 9264 6321
Facsimile: 61 2 9264 6240
Email: info@gowings.com
Website: www.gowings.com

Gowing Bros. Limited shares are listed on the Australian Securities Exchange.

The company secretary is Mr J. Zulman

The share register is maintained by Computershare Investor Services Pty. Limited, Level 3, 60 Carrington Street, Sydney NSW 2000, Telephone 1300 855 080, Overseas callers +61 (0)2 8234 5000, Facsimile + 61 (0)2 8234 5050.

DIRECTORS'DECLARATION

1. In the directors' opinion:

   (a) the financial statements and notes set out on pages 17 to 41 are in accordance with the Corporations Act 2001, including:

      (i) complying with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
      (ii) giving a true and fair view of the company's financial position as at 31 July 2015 and of its performance for the financial year ended on that date; and

   (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

2. The notes to the financial statements include a statement of compliance with International Financial Reporting Standards.

3. The directors have been given the declarations by the chief executive officer and chief financial officer for the year ended 31 July 2015 required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the directors.

W. A. SALIER
Director

J. E. GOWING
Director

Sydney
27 October 2015

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

To the Directors of Gowing Bros. Limited:

As lead auditor for the audit of the financial report of Gowing Bros. Limited for the year ended 31 July 2015, 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 audit; and

(b) any applicable code of professional conduct in relation to the audit.

S. Gr

Sydney, NSW
27 October 2015

S Grivas
Partner

HLB Mann Judd (NSW Partnership) ABN 34 482 821 289
Level 19 207 Kent Street Sydney NSW 2000 Australia | Telephone +61 (0)2 9020 4000 | Fax +61 (0)2 9020 4190
Email: mailbox@hlbnsw.com.au | Website: www.hlb.com.au

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of Gowing Bros. Limited

Report on the Financial Report

We have audited the accompanying financial report of Gowing Bros. Limited ("the company"), which comprises the statement of financial position as at 31 July 2015, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the company.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial statements of Gowing Bros. Limited comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

HLB Mann Judd

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Opinion

In our opinion:

(a) the financial report of Gowing Bros. Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the company's financial position as at 31 July 2015 and its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 14 of the directors' report for the year ended 31 July 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Gowing Bros. Limited for the year ended 31 July 2015 complies with section 300A of the *Corporations Act 2001*.

Matters relating to the electronic presentation of the audited financial and remuneration report

This auditor's report relates to the financial and remuneration reports of the company for the financial year ended 31 July 2015 published in the annual report and included on the company's website. The company's directors are responsible for the integrity of the company's website. We have not been engaged to report on the integrity of this website. The auditor's report refers only to the financial and remuneration reports identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial and remuneration reports. If users of the financial and the remuneration reports are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial and remuneration reports to confirm the information contained in this website version of the financial and remuneration reports.

HLB Mann Judd

S. Gi

HLB Mann Judd
Chartered Accountants

S Grivas
Partner

Sydney, NSW
27 October 2015

ISSUES TO SHAREHOLDERS SINCE 19 SEPTEMBER 1985

DATE	PARTICULARS	ISSUED FROM	ISSUE PRICE $
31/10/85	Bonus issue in lieu	Asset Revaluation reserve	
30/4/86	Bonus issue in lieu	Asset Revaluation reserve	
31/10/86	Bonus issue in lieu	Asset Revaluation reserve	
16/3/87	1 for 2 Bonus issue	Asset Revaluation reserve	
30/4/87	Bonus issue in lieu	Asset Revaluation reserve	
30/4/88	Dividend Re-investment	Accumulated profits	2.50
31/10/88	Dividend Re-investment	Accumulated profits	3.70
30/4/89	Dividend Re-investment	Accumulated profits	3.75
30/4/89	Special Scrip dividend	Accumulated profits	
16/11/89	Dividend Re-investment	Accumulated profits	4.35
31/10/90	1 for 10 Bonus issue	Share Premium – Special Dividend Reserve	
31/10/91	1 for 20 Bonus issue	Share Premium Reserve	
30/4/92	Dividend Re-investment	Accumulated profits	3.75
31/10/92	Dividend Re-investment	Accumulated profits	3.80
29/10/93	Dividend Re-investment	Accumulated profits	3.60
29/4/94	Dividend Re-investment	Accumulated profits	3.50
28/4/95	Dividend Re-investment	Accumulated profits	2.60
28/4/95	Bonus in Lieu Share Plan	Share Premium Reserve	
3/10/95	1 for 10 Bonus issue	Share Premium Reserve	
31/10/95	Dividend Re-investment	Accumulated profits	3.00
31/10/95	Bonus in Lieu Share Plan	Share Premium Reserve	
26/4/96	Dividend Re-investment	Accumulated profits	2.90
26/4/96	Bonus in Lieu Share Plan	Share Premium Reserve	
30/10/96	Dividend Re-investment	Accumulated profits	3.10
30/10/96	Bonus in Lieu Share Plan	Share Premium Reserve	
25/4/97	Dividend Re-investment	Accumulated profits	4.50
25/4/97	Bonus in Lieu Share Plan	Share Premium Reserve	
15/5/97	2 for 1 Share Split		
31/10/97	Dividend Re-investment	Accumulated profits	2.60
31/10/97	Bonus in Lieu Share Plan	Share Premium Reserve	
30/4/98	Dividend Re-investment	Accumulated profits	2.35
30/4/98	Bonus in Lieu Share Plan	Share Premium Reserve	
3/11/98	Dividend Re-investment	Accumulated profits	2.10
3/11/98	Bonus in Lieu Share Plan		
28/4/99	Dividend Re-investment	Accumulated profits	1.90
28/4/99	Bonus in Lieu Share Plan		
18/11/99	Dividend Re-investment	Accumulated profits	1.95
18/11/99	Bonus in Lieu Share Plan		
28/4/00	Dividend Re-investment	Accumulated profits	1.95
28/4/00	Bonus in Lieu Share Plan		
27/10/00	Dividend Re-investment	Accumulated profits	1.80
27/4/01	Dividend Re-investment	Accumulated profits	2.36
19/10/01	Dividend Re-investment	Accumulated profits	1.95
18/12/01	In Specie Distribution	G Retail Ltd shares issued on listing	
22/4/02	Dividend Re-investment	Accumulated profits	1.90
25/10/02	Dividend Re-investment	Accumulated profits	1.80
18/12/02	Dividend Re-investment	Accumulated profits	1.95
24/4/03	Dividend Re-investment	Accumulated profits	1.90
24/10/03	Dividend Re-investment	Accumulated profits	2.40
24/10/03	Bonus in Lieu Share Plan		
23/4/04	Dividend Re-investment	Accumulated profits	2.40
23/4/04	Bonus in Lieu Share Plan		
25/10/04	Dividend Re-investment	Accumulated profits	2.55
22/4/05	Dividend Re-investment	Accumulated profits	2.70
22/4/05	Bonus in Lieu Share Plan		
17/07/09	Dividend Re-investment	Accumulated profits	2.87
05/11/10	Dividend Re-investment	Accumulated profits	2.42
17/12/10	1 for 8 Rights issue	Share capital	2.20

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