



Enriching People's  
Lives, since 1868

## APPENDIX 4E | For the year ended 31 July 2023



**GOWING BROS**

Investing together for a secure future

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**RESULTS FOR ANNOUNCEMENT TO THE MARKET**

The reporting period is the year ended 31 July 2023 with the previous corresponding period being the year ended 31 July 2022. This report is based on financial statements which are in the process of being audited.

		31 Jul 2023	31 Jul 2022
<b>REVENUE</b>			
Total revenue <sup>(1)</sup>	Down 4.04%	\$71.2 million	\$74.2 million
Other (loss) / profit <sup>(2)</sup>		(\$11.9) million	\$ 7.9 million
<b>EARNINGS</b>			
(Loss) / profit after tax <sup>(3)</sup>		(\$5.3) million	\$10.9 million
(Loss) / earnings per share		(9.91) c	20.42 c
<b>NET ASSETS PER SHARE</b>			
Before provision for tax on unrealised gains <sup>(4)</sup>	Down 4.22%	\$3.86	\$4.03
<b>DIVIDENDS – This Period</b>			
2023 Final fully franked dividend per share <sup>(5)</sup>		3 cents	
2023 Interim fully franked dividend per share		3 cents	
<b>DIVIDENDS – Prior Period</b>			
2022 Final fully franked dividend per share <sup>(6)</sup>		3 cents	
2022 Final fully franked special dividend per share <sup>(6)</sup>		1 cent	
2022 Interim fully franked dividend per share		3 cents	
2022 Interim fully franked special dividend per share		1 cent	

**COMMENTS**

- (1) Total Revenue was down 4.04% on the prior year
- (2) Loss from the revaluation of Shopping Centres revaluation was \$13.3m.
- (3) Loss After Tax was \$5.3 million for the year ended 31 July 2023. For more detail refer the profit and loss on page 7 of the report.
- (4) Net assets per share before tax on unrealised gains on equities, investment properties and private equities decreased to \$3.86 from \$4.03 during the year ended 31 July 2023. This included the payment of 7.0c in dividends.
- (5) The board has elected to declare a final 3 cents per share fully franked dividend. The record date for the final dividend is 13 October 2023, with a payment date of 27 October 2023. The dividend reinvestment plan has been suspended for the dividend declared on the 29 September 2023.
- (6) The 2022 final dividend was a 3 cents per share fully franked LIC dividend and a special 1 cent per share fully franked LIC dividend.

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

## EXECUTIVE CHAIRMAN'S REVIEW OF OPERATIONS

### TWELVE INTEREST RATE RISES, THINGS STILL LOOKING POSITIVE “Up North”.

It is with great sadness that I reflect on the untimely passing of our Chairman, Professor Jonathan West. He was a great Australian. Our thoughts are with his family.

Reviewing the results of our 155th year of trading, the key and overwhelming impact on this year's results has been the 12 interest rate increases imposed by The Reserve Bank of Australia, and associated monetary policy tightening by most of the world's central banks which has had a significant impact on global consumer sentiment. This has caused a significant reduction in sales and profitability at Gowings Surf Hardware International.

As a result of the interest rate increases the Group's interest expense has increased by \$3m, this is offset by approximately \$0.7m gain in our interest rate hedge and approximately \$1m in extra rent from our shopping centres. Overwhelming the operating results, have been the impact of the downwards revaluation of the Shopping Centre Portfolio by \$13.3m.

On the ground, we have continued to see a rebound in foot traffic and trading in our Shopping Centres, comparable to pre-pandemic levels. We have seen some quite strong leasing interest and have opened several new shops with more in the pipeline. We recently opened a shared workspace on level one in Coffs Harbour, “G Sphere”, and a new Ocean Headquarters on the ground floor of Coffs Harbour to showcase our ocean lifestyle brands, FCS, Alvey, Gorilla and more, is nearing completion.

Most of our retail leases have a percentage of turnover provision or an annual CPI uplift which over the medium term protects the underlying value of our shopping centres during the ‘new normal’ period of inflation. Shopping Centres are a hedge against inflation.

### SUSTAINABILITY PROGRAMME

Gowings continues to investigate and implement sustainability initiatives across all areas of our business operations. Our fundamental aim is to have the smallest impact possible on the environment. Initiatives either commenced, under investigation or completed include:

-Kempsey Central rooftop solar system.	Completed.
-Coffs Central rooftop solar.	Underway, Council approval received.
-Coffs Central green waste composting system.	Completed.
-Port Central green waste composting system.	Completed.
-EV Charging Stations.	Installed.
-Comprehensive independent review of Gowings Mid North Coast operations with the goal of installing substantial solar and renewable energy micro grid.	Coffs Central Solar Development Application submitted, with other measures to be reviewed.
-Preliminary investigation for feasibility of installing a community geothermal system at Sawtell Commons which could provide up to 20% continuing energy savings annually for residents.	Ongoing engagement with CHCC
-Independent report on best sustainable practices for packaging & product development at Gowings SHI has been received.	Shift to recycle/able packaging underway.
-Carbon capture project at Logie Farm	Underway

**EXECUTIVE CHAIRMAN'S REVIEW OF OPERATIONS (CONTINUED)****GOWINGS SURF HARDWARE INTERNATIONAL**

Our wholly owned subsidiary GSHI had a disappointing year. On a positive note, during the period GSHI relocated its head office from Mona Vale to join with Gowings in Coffs Harbour. There will be an ongoing net saving in fixed costs of approximately \$2m per annum, as a result of the move.

**SAWTELL COMMONS**

Stage 3 at Sawtell Commons is now complete, there have been 31 blocks of land sold and contracts exchanged. The market in Coffs Harbour for residential land continues to be quite strong. Construction has commenced on The Coffs Harbour Bypass, which is a positive catalyst for economic activity and skilled employment in the area.

**DIVIDENDS**

The Group has generated strong investment cash-flows and will be declaring a final 3c fully franked dividend. The dividend reinvestment plan has been suspended for the dividend declared on the 29 September 2023.

The Company believes in maintaining a prudent approach to dividends given the capital requirements of the Company across various developments and investment opportunities either underway or under consideration.

**OUTLOOK**

The outlook continues to feature uncertainty. We are fortunately in a relatively good space "Up North", on the Mid North Coast of NSW, which has and continues to be a net beneficiary of the times.

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

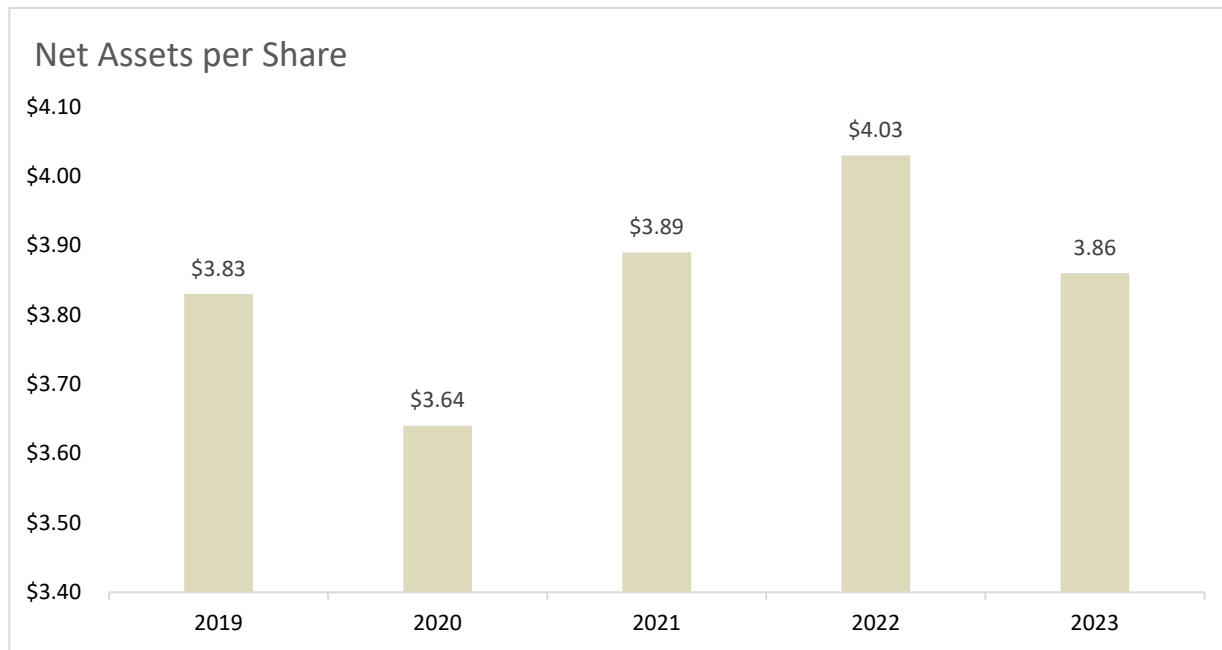


J. E. Gowing  
Executive Chairman

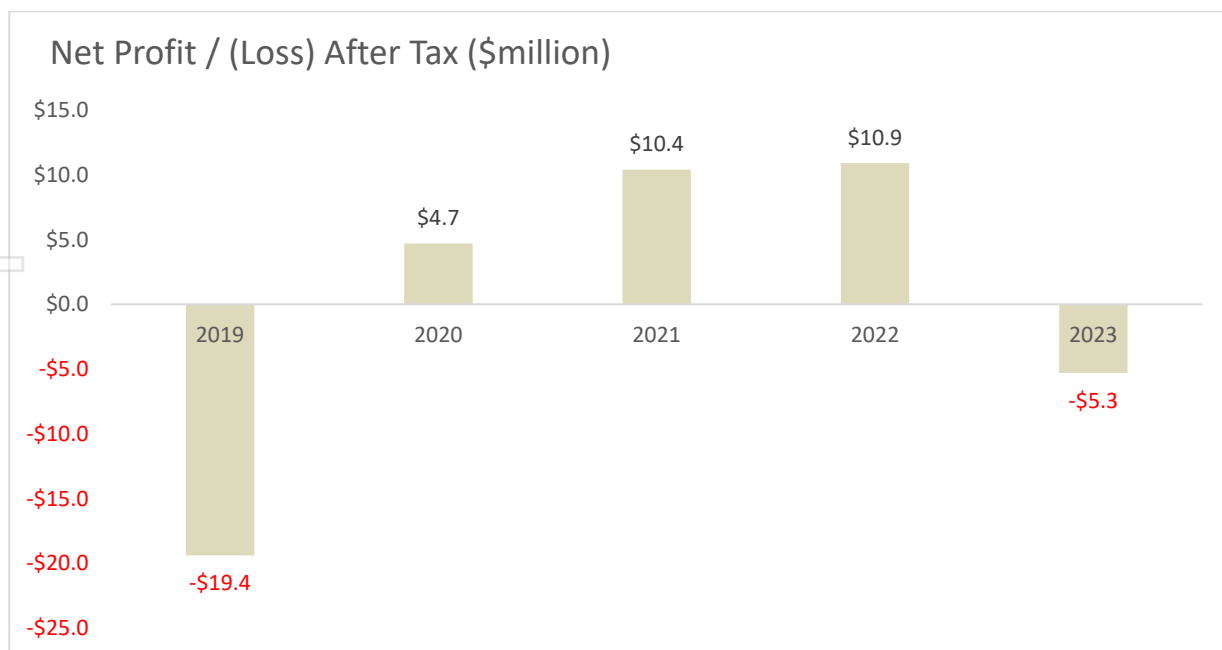
**EXECUTIVE CHAIRMAN'S REVIEW OF OPERATIONS (CONTINUED)**

On behalf of the Board of Directors, I am pleased to comment on the results for the year ended 31 July 2023.

**Financial Review**



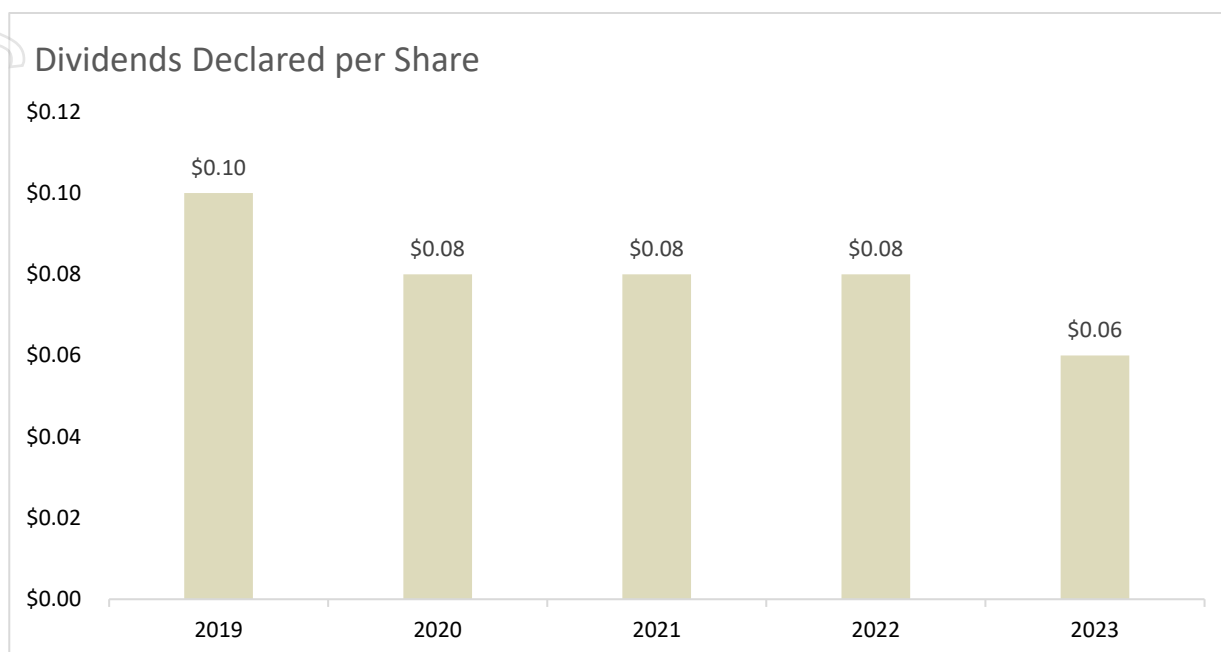
Net assets per share before tax on unrealised gains on equity, investment properties and private equities decreased to \$3.86 as at 31 July 2023. Total shareholder return was (2.5%) as a result of the decrease in net assets per share and the 7.0c paid to Shareholders during the year.



Loss After Tax for the year ended 31 July 2023 includes underlying income from ordinary activities such as rent, interest, dividends and revaluations of the investment portfolio.

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## EXECUTIVE CHAIRMAN'S REVIEW OF OPERATIONS (CONTINUED)



The Company declared a total dividend of \$0.06 in fully franked dividends for the 2023 year.

The Company has maintained a prudent approach to dividends given the capital requirements of the Company having various development and investments opportunities currently either underway or under consideration.

## KEY METRICS

	31 July 2023	31 July 2022	31 July 2021	31 July 2020	31 July 2019
Net Assets(1)	\$205.7m	\$215.5m	\$208.6m	\$195.5m	\$206.8m
Net Assets per Share(2)	\$3.86	\$4.03	\$3.89	\$3.64	\$3.83
Net profit (loss) after tax	(\$5.3)m	\$10.9m	\$10.4m	\$4.7m	(\$19.4) m
Earnings (loss) per Share	(9.91) c	20.42c	19.35c	8.82c	(36.07) c
Dividends per Share	7.0c	8.0c	7.0c	10.0c	11.0c
Total Shareholder Return	(2.5%)	5.7%	8.8%	(2.3%)	(12.8%)

(1) Net Assets before tax on unrealised gains on equities, private equities, investment properties, and freehold properties.

(2) Net Assets per share before tax on unrealised gains on equities, private equities, investment properties, and freehold properties.

The Company meets the definition of a Listed Investment Company ("LIC") for taxation purposes. Certain shareholders of the Company, including individuals, trusts, partnerships and complying superannuation entities may benefit from the Company's LIC status by being able to claim a tax deduction for the part of the dividend that is attributable to LIC capital gains made by the Company. The amount that shareholders can claim as a tax deduction depends on their individual situation. As an example, an individual, trust (except a trust that is a complying superannuation entity) or partnership who is an Australian resident taxpayer at the date a dividend is paid would be entitled to a tax deduction equal to 50% of the amount attributable to LIC capital gains included in the dividend.

## EXECUTIVE CHAIRMAN'S REVIEW OF OPERATIONS (CONTINUED)

## PROFIT AND LOSS STATEMENT

For the year ended	31 Jul 2023 \$'000	31 Jul 2022 \$'000
<b>Net Income from Ordinary Activities</b>		
Interest Income	360	132
Investment Properties	5,092	7,926
Development Properties	3,407	-
Equities – Dividend Income	1,392	894
Managed Private Equities	104	100
Surf Hardware International	(1,258)	3,110
<b>Total Net Income from Ordinary Activities</b>	<b>9,097</b>	<b>12,162</b>
<b>Head Office Expenses</b>		
Administration, public company and other	6,292	4,481
<b>Operational Profit</b>	<b>2,805</b>	<b>7,681</b>
<b>Gain/(loss) on sale or revaluation</b>		
Investment properties – unrealised	(13,271)	1,404
Investment Properties - realised	(15)	-
Managed private equity – unrealised	(86)	(1,018)
Managed private equity – realised	380	3,769
Derivatives (Fixed Interest Rate Hedge) - realised	(78)	-
<b>Other</b>		
Other Costs	-	(23)
Other Income	663	2,051
<b>(Loss) / profit before tax</b>	<b>(9,602)</b>	<b>13,864</b>
Income tax benefit / (expense)	4,317	(2,944)
<b>(Loss) / profit after tax</b>	<b>(5,285)</b>	<b>10,920</b>

Net Investment Property income of \$5.1 million represents a solid result for the Shopping Centres, the sales and foot traffic of all centres have returned to pre-pandemic levels. The reason for the decrease to the corresponding period primarily lies with the increase in interest rates.

Net Development Property income of \$3.4 million represents a strong result for sales at Sawtell Commons in the current reporting period. Stage 3 has been registered and made available for sale and we have sold through the majority of the lots with additional settlements occurring post year end.

Surf Hardware International net loss of \$1.2 million was mainly driven by a significant drop in sales post-pandemic. We expect that sales will normalise over time and trend towards pre-pandemic levels. We have pragmatically reduced spending and inventory levels to match market conditions.

Overall Total Net Income from Ordinary Activities of \$9.1 million represents a 25% decrease on the prior year primarily driven by loss incurred by Surf hardware International and increasing interest rates.

The unrealised loss on Investment Properties of (\$13.3) million relates to the revaluation of the shopping centre portfolio in light of the current market conditions, please refer to Note 5 for further information.

Overall, the loss after tax was (\$5.3) million compared to the previous year which was a profit of \$10.9 million. The main drivers of the decrease being the revaluation of the shopping centres, increased interest rates and the net loss incurred by Surf Hardware International.

## EXECUTIVE CHAIRMAN'S REVIEW OF OPERATIONS (CONTINUED)

## GOWINGS AT A GLANCE (At Directors' Valuation)

	31 July 2023 \$'000	31 July 2022 \$'000
<b>Strategic Investments</b>		
Surf Hardware International (at cost)	16,000	16,000
Cobram Estates Olives	12,783	14,293
Dice Molecules	6,331	2,882
Carlton Investments	6,129	6,187
Power Pollen Accelerated Ag Technologies	1,541	1,621
Three Valley Meats	950	950
EFTsure	738	599
SYMBYX	600	600
Eratos	500	500
Tasmanian Oyster Company	480	-
BHP Group	460	387
Australian Foundation Investments	418	464
Wholesale Investor	400	400
Other Investments – Australia	9,625	15,871
Other Investments - International	2,941	1,978
<b>Total</b>	<b>59,896</b>	<b>62,732</b>
<b>Private Equity Funds</b>		
Our Innovation Fund I	2,775	2,265
OurCrowd Australia	916	1,181
Our Innovation Fund II	569	435
Skalata Fund II	289	300
Other Private Equity Funds	682	465
<b>Total</b>	<b>5,231</b>	<b>4,646</b>
<b>Pacific Coast Shopping Centre Portfolio</b>		
Sub-regional and Neighbourhood shopping centres	187,885	198,575
Borrowings	(94,310)	(94,310)
<b>Total</b>	<b>93,575</b>	<b>104,265</b>
<b>Other Direct Properties</b>		
Sawtell Commons - residential subdivision	17,020	17,809
Solitary 30 - Coffs Harbour development land	3,865	3,864
Other properties	9,757	15,282
Borrowings	-	(1,000)
<b>Total</b>	<b>30,642</b>	<b>35,955</b>
<b>Cash and Other</b>		
Cash (AUD)	10,355	7,673
Cash (USD)	4,620	4,388
Tax liabilities	(11,218)	(13,304)
Surf Hardware International consolidation impact <sup>1</sup>	(4,804)	(4,517)
Other assets & liabilities	17,424	13,618
<b>Total</b>	<b>16,377</b>	<b>7,858</b>
<b>Net assets before tax on unrealised gains on equities, investment properties and private equities</b>	<b>205,721</b>	<b>215,456</b>
Provision for tax on unrealised gains on equities, investment properties and private equities	(10,369)	(13,513)
<b>Net assets after tax on unrealised gains on equities, investment properties and private equities</b>	<b>195,352</b>	<b>201,943</b>

<sup>1</sup> Difference between the investment in Surf Hardware International (at cost) and net assets attributable to the group on consolidation.



## EXECUTIVE CHAIRMAN'S REVIEW OF OPERATIONS (CONTINUED)

### STRATEGIC INVESTMENTS

#### **Gowings Surf Hardware International (\$16,000,000 cost)**

The post pandemic slowdown weighed heavily on the surf industry as the consumer redirected their spending towards non-discretionary items. Consequently, Gowings Surf Hardware International (GSHI) sales fell 23% to \$42.7m in FY23. In addition to the slowdown in spending, the surf industry experienced a global oversupply of stock and the cost of holding inventory increased. GSHI responded quickly by responsibly reducing inventories to appropriate levels. Inventory and margins remain under constant review as economic headwinds continue to challenge us on numerous fronts.

Our focus on building the direct-to-consumer sales channel continues and sales were flat compared to FY22. We continue to invest in the e-commerce platform and make our brands available to the global audience.

GSHI relocation to Coffs Harbour is progressing well. The recent purchase of a local property and plans to build a purpose-built warehouse and manufacturing facility to meet our goal of local production in the Coffs Harbour region.

In a bid to strengthen the Gowings brand and drive synergies GSHI will now shortly trade as Gowings Pacific Trader. Gowings Pacific Trader will include the following brands– FCS, Softech, Gorilla, Kanulock and Alvey fishing reels. We are also excited to announce the launch of Gowings Pacific Trader as an online and retail store launching in Gowings Coffs Central in December 2023. GSHI remains committed to the Gowings Whale Trust, donating 1% of total revenue.

#### **Listed Australian Shares**

##### **ARGO Investments**

**Value at year end \$370,000**

Argo Investments (ARG) is an Australian listed investment company which trades its shares on the Australian Securities Exchange. They take their name from the ship that carried Jason and the Argonauts on their quest to capture the golden fleece and maintain a diversified conservative exposure to 90 plus Australian listed companies. Argo take a long-term investment approach and their straightforward business model has proven resilient since their founding in 1946. Overall the Argo approach is conservative, long term, blue chip and dividend focussed.

[www.argoinvestments.com.au](http://www.argoinvestments.com.au)

##### **Australian Foundation Investments**

**Value at year end \$418,000**

Australian Foundation Investments (AFI) is one of the largest and oldest listed investment companies in Australia. Founded in Melbourne in 1928 they specialise in managing a portfolio of Australian equities and take a long term, conservative approach to investing which closely aligns with Gowings' own values. This minimises dealing costs and has historically provided investors with sound, tax-efficient, long-term returns. Their diversified portfolio ensures they are not overexposed in any one particular sector.

[www.afi.com.au](http://www.afi.com.au)

## EXECUTIVE CHAIRMAN'S REVIEW OF OPERATIONS (CONTINUED)

### STRATEGIC INVESTMENTS

#### Listed Australian Shares

##### **Carlton Investments**

**Value at year end \$6,129,000**

Carlton Investments (CIN) was incorporated in 1928 and has a long-standing and expert interest in the hotel business and cinema industries. Founded by Sir Norman Rydge and currently Chaired by his son Alan Rydge AM, their primary business is the purchase and retention of carefully selected shares that provide attractive levels of sustainable income and the potential for long term capital growth. Carlton Investments carries no debt and has the objective of consistently generating fully franked dividends with a minimal risk profile.

[www.carltoninvestments.com.au](http://www.carltoninvestments.com.au)

##### **Cobram Estate Olives**

**Value at year end \$12,783,000**

Cobram Estate (CBO) commenced operations in 1998 as a family affair and has matured into a large undertaking with some 6,500 hectares of olive groves in production in Victoria and 100 staff. With olive farm and milling operations in both Australia and the USA, CBO is a leader in the Australian olive industry and an innovator in sustainable olive farming. Premium brands include Cobram Estate and Red Island.

[www.cobramestate.com.au](http://www.cobramestate.com.au)

##### **BHP Billiton**

**Value at year end \$460,000**

BHP Billiton (BHP) founded in 1851 is a world leader in the diversified resources industry. They provide materials for essential infrastructure aiming to continuously improve economic development and living standards. They manage the portfolio of assets in highly attractive commodities growing value through excellence in operations and acquiring the right assets and options whilst managing capital allocation.

<https://www.bhp.com/>

##### **TPG Telecom Ltd**

**Value at year end \$286,000**

TPG (TPG) is a multi-award winning telecoms service provider founded by David Teoh in 1986. With a core business revolving around facilitating communications service access for retail, businesses, government, TPG merged with Vodafone Hutchison Australia in 2020. They are among Australia's most recognisable communications service providers and own extensive end to end network infrastructure and fibre optic networks including the PPC-1 cable from Sydney to Guam that links Australia to Asia and America. Further to their Australian interests they also operate in New Zealand and Singapore.

[www.tpg.com.au](http://www.tpg.com.au)

##### **Treasury Wine Estates**

**Value at year end \$368,000**

Treasury Wine Estates (TWE) was established out of the Foster's Group's wine division in 2011 and is one of the world's largest wine companies. Although a relatively new company, it owns and manages some of the New World's oldest and most prestigious wineries such as Penfolds (Australia) founded in 1844, and Beringer Vineyards (United States) founded in 1876. As their name suggests their main business is the production and sale of a large variety of wines across the globe.

[www.tweglobal.com](http://www.tweglobal.com)

## EXECUTIVE CHAIRMAN'S REVIEW OF OPERATIONS (CONTINUED)

### STRATEGIC INVESTMENTS

#### Listed International Shares

##### **Dice Therapeutics**

**Value at year end \$6,331,000**

Dice Therapeutics (DICE NASDAQ) is an American biopharmaceutical company based in San Francisco. They are undertaking clinical-phase testing of oral agents to combat autoimmune disorders and inflammatory diseases. Their aim is to produce orally digestible medicines in an area of that has traditionally been dominated by injectable treatments. Combining innovative chemistry with well validated biology, their aim is to reduce the invasiveness of current methods and improve access to treatment.

Post year end on the 1 August 2023 the Group has accepted the takeover bid for the Group's equity investment in DICE Molecules from Eli Lilly at USD \$48 per share amounting to USD \$4,320,000 received on the 17 August 2023 being approximately AUD \$6,766,000. This represents a substantial return on investment. Refer to Note 14.

[www.dicetherapeutics.com](http://www.dicetherapeutics.com)

#### Unlisted Australian Shares

##### **EFTSure**

**Value at year end \$738,000**

EFTSure provides a bank detail verification service that minimises the risk of fraudulent invoices being paid. It matches the account details for suppliers of goods and services in a business' payment system, (generally a banking portal), by verifying the creditor's account name, BSB and account number and matching it with the Australian Business Registry data. Gowings use the system for their online payments as a safeguard against payment fraud and the automated nature of the system provides material operational efficiencies.

During the reporting period the Group exercised its pro-rata rights to invest in a new capital raising round, the round was closed successfully and fully subscribed.

[www.get.eftsure.com.au](http://www.get.eftsure.com.au)

##### **SYMBYX**

**Value at year end of \$600,000**

SYMBYX is a Sydney based medical technology company. Founded in 2019 they are developing device based light therapies (photobiomodulation) to treat and provide symptomatic relief from pain and discomfort for people living with chronic diseases such as Parkinson's, dementia, Crohn's Disease and diabetes. They work with research partners and clinicians in Australia, Portugal, Germany and the United Kingdom and clinical trials are well advanced in a number of key geographies.

[www.symbyxbiome.com](http://www.symbyxbiome.com)

##### **Wholesale Investor**

**Value at year end \$400,000**

Wholesale Investor, based in Sydney, is a global venture investment platform. They connect emerging innovative companies seeking capital with investors. With a growing ecosystem of 30,000 high net worth investors, family offices, venture capital and private equity firms, government bodies and industry participants, their platform allows convenient and simple access to investment opportunities from a broad range of emerging business opportunities.

[www.wholesaleinvestor.com.au](http://www.wholesaleinvestor.com.au)

## EXECUTIVE CHAIRMAN'S REVIEW OF OPERATIONS (CONTINUED)

### STRATEGIC INVESTMENTS

#### Unlisted Australian Shares

##### **Surf Lakes**

**Value at year end \$400,000**

Surf Lakes is exactly what it sounds like, a lake you can surf on. With a prototype surf park in Yeppoon, Australia consistently producing multiple surfable waves using a contoured lakebed. The swell is created using a hydraulic plunge wave machine in the lake centre and in this respect differs from traditional surf parks where, usually, only a single wave is produced. The team envisage accommodation, restaurants and bars surrounding the surf lake providing a full immersion experience for visitors and locals alike.

[www.surf-lakes.com](http://www.surf-lakes.com)

##### **Tasmanian Oyster Company**

**Value at year end \$480,000**

The Tasmanian Oyster Company was founded in 1979 and has more than 220 hectares of pristine Tasmanian waters. They are the largest vertically integrated oyster business in Australia with hatcheries, growing farms, harvest, sales and distribution. The company has a strong focus on sustainability and is certified organic by the National Association for Sustainable Agriculture Australia. Their oysters are among the highest quality produced in Australia and are sold both as spat and as mature oysters in both the domestic and international markets with strong interest from countries such as Japan, Singapore and Vietnam.

[www.tasmanianoysterco.com.au](http://www.tasmanianoysterco.com.au)

#### Unlisted International Shares

##### **Power Pollen**

**Value at year end \$1,541,000**

Power Pollen is an American company based in Ames, Iowa who have developed a pollination capability that increases crop yields, specifically in corn and wheat. The process allows the producer to time their crop pollination, rather than rely on the variability of nature and to develop specific crop attributes to increase cropping yields. The technology can increase the ratio of female to male corn plants 3 fold and as the females are fruit bearing, crop yield is significantly increased. The company has received strong support from the local United States market with the Iowa Corn Growers Association an early equity investor.

[www.powerpollen.com](http://www.powerpollen.com)

## EXECUTIVE CHAIRMAN'S REVIEW OF OPERATIONS (CONTINUED)

### STRATEGIC INVESTMENTS

#### Private Equities

##### **OurCrowd Australia**

**Value at year end \$916,000**

OurCrowd was founded in 2013 in Jerusalem, Israel by Jonathan Medved with the aim to build a pool of venture capital for investing in start-ups worldwide. They have offices in the United States, United Kingdom, Spain, Canada, Australia, Brazil, and Singapore and are democratising access to private equity investing via an easily accessible and user friendly online platform. OurCrowd also invest in many of the start-ups and open the door for retail investors to invest on the same terms. Their approach has garnered significant support with \$1.8 billion in commitments received as of April 2022.

[www.ourcrowd.com](http://www.ourcrowd.com)

##### **Our Innovation Fund I, II & III**

**Value at year end \$3,494,000**

Our Innovation Fund and its successors were both launched by OurCrowd with a specific focus on Australian tech start-ups. Based in Sydney they target high net worth investors only and manage a pool of capital that is carefully invested into technology focused start-ups with. Key highlights for the year include total distributions of \$3,114,000 from Assignar, EFTSure, XM Cyber and Instaclustr which represents a significant return on investment. The portfolio also includes GO1, Enboarder and Advanced Navigation.

[www.oifventures.com.au](http://www.oifventures.com.au)

## EXECUTIVE CHAIRMAN'S REVIEW OF OPERATIONS (CONTINUED)

### STRATEGIC INVESTMENTS

#### Pacific Coast Shopping Centre Portfolio

##### Retail Sales Growth & Resilience

With the Pandemic finally in the rear-view mirror we are pleased to report relatively strong retail trading conditions and solid increases in customer foot traffic throughout the year across our Shopping Centre Portfolio.

Our retailers have enjoyed very strong trading conditions during the first half of the year in all categories, with food, travel, health & beauty, well-being and retail services being particularly strong. There has been a notable softening across the discretionary categories over recent months due to the heightened macro-economic uncertainty and increased household costs driven by the rising interest rate and inflationary environment which has impacted consumer spending.

Let's hope that we are at the top of the interest rate and inflation cycle and the economy will enjoy that much talked about "soft landing".

##### The Retail Portfolio & Leasing Momentum

We have executed a clear and deliberate leasing, centre management and marketing strategy to take advantage of the more favourable retail trading conditions. At each of our centres we have focussed on creating vibrant place making which become destinations of choice for our shoppers, retailers, office workers and surrounding communities. We have supported our retailers through marketing initiatives including in house media advertising and display screens to drive retailer success. The retail mix and ambience in each of our centres remains a key priority.

##### Well Positioned for Further Growth

With the continued high level of population growth being attracted to the beautiful north coast region of NSW being supported by large government infrastructure spending projects and initiatives we are confident that our shopping centre portfolio is well placed to continue to benefit in the years to come.

Of particular note is the recent commencement of the \$2.2 billion Coffs Bypass project that has progressed from the early works stage and is ramping up to the construction phase which is expected to be completed by 2027 and will further support local economic activity.

##### Coffs Central

We are very proud and excited to report the recent opening of Gowings G-Sphere, a modern and innovative co working space offering flexible working configurations backed by state-of-the-art technology. G-Sphere provides a safe & stylish space for remote workers living or visiting the Coffs Coast and reinforces our commitment to regional Australia and the global connections it will generate. Occupancy levels are building strongly.

We are also pleased to welcome Market Sushi to the centre which has recently opened with a stunning fit-out and is trading strongly.

The leasing pipeline and enquiry levels remain strong and we are working with a number of new and exciting retailers who will open in coming months.

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

## EXECUTIVE CHAIRMAN'S REVIEW OF OPERATIONS (CONTINUED)

### STRATEGIC INVESTMENTS

#### Port Central

We are excited to welcome Platypus Shoes & Sushia which opened in recent months with high impact fit-outs providing a real buzz and boosting foot-traffic to the centre.

We continue to explore various capital upgrade, remix and redevelopment opportunities to enhance the centre experience for our retailers and shoppers.

#### Other Investments Properties & Properties Under Development

##### Sawtell Commons

Sawtell Commons Stage 3 has been completed and we have realised \$7.95 million in gross sales in the current reporting period. These sales have been made at good prices and overall profit generated from the Sawtell Development was \$3.4 million. More sales are occurring post year end with the majority of lots in Stage 3 sold and we are progressing with the next stage. We are pleased with the progress and financial returns generated from the development with more lots ready to be built.

##### Solitary 30

Solitary 30 (Coffs Harbour Jetty Precinct) has a range of staged and un-staged architectural plans currently under consideration but with the current NSW government Jetty Foreshores development project struggling to gain community acceptance, we are taking a cautious approach to our planning.

##### Logie Farm and Pipers Brook

In March 2022, the Company purchased two properties in Tasmania with the view that agriculture in Tasmania reflects a viable long-term industry with demand for boutique and artisan Australian produce growing internationally and locally. The two properties are strategically located in the South and North of Tasmania respectively and both represent agricultural and development opportunities.

## EXECUTIVE CHAIRMAN'S REVIEW OF OPERATIONS (CONTINUED)

### SUSTAINABILITY PROGRAMME

Gowings continues its commitment to minimising our environmental impact. Our goal is to become a net zero company as soon as feasibly possible. Gowings has a long history of being environmentally proactive with a range of initiatives including the Gowings Whale Trust which was established in 2001.

#### Shopping Centres

##### Completed Initiatives

Expert consultancy firms were engaged to identify improvements to our three centres with regard to waste generation, water use, and electricity consumption. A range of recommendations have been progressed.

Port Central and Coffs Central have introduced recycling and coffee cup separation bins and organic composters have been installed with the assistance of an EPA grant to allow us to divert food waste from landfill. A rooftop garden has been commissioned at Coffs Central. Kempsey Central now has a 99kw solar system installed that significantly reduces the centre's carbon emissions. Port and Coffs now have EV charging stations. All centre lighting has been converted to LED.

##### Future Plans

Plans are underway to augment existing centre PV (solar) capacities with two 400kW rooftop solar systems installed at both Port and Coffs on a shade sails structure above the carparks and a further 99kW system installed at Kempsey. This will bring the combined total solar system output to 1,128kw, (this equates to enough generated electricity to power 112 homes per annum). The Coffs system has had a Development Application lodged with the local council and we await final approval.

Sizing was determined by the aforementioned independent report and should cover our energy needs on a day to day basis (weather permitting), significantly reducing our energy consumption, carbon emissions, and reliance on the grid.

We are also exploring the possibility of each centre establishing an embedded network whereby retailers can purchase solar electricity from Gowings at favourable rates.

#### Land Development

##### Sawtell Commons (220 lot subdivision in Bonville south of Coffs Harbour)

##### Completed Initiatives

Sawtell Commons is a free hold land subdivision however we have sought to identify estate wide energy saving opportunities. Including geothermal heating and cooling, heat pump technology, rainwater harvesting, a community battery, and a virtual power plant/microgrid.

Some preliminary geothermal work has taken place with 3 pilot sites drilled and thermally tested with initial findings positive. An independent engineer has designed a community wide system and undertaken a financial feasibility study. The system is workable considering the cost, conversations continue with the local council.

##### Future Plans

Paired with the aforementioned geothermal system we are researching a community microgrid and battery so residents can store electricity generated by solar and then sell energy to each other and to the grid as a group enabling them to achieve better prices.

Gowings plan on retaining a number of lots to establish a build-to-rent initiative.



## EXECUTIVE CHAIRMAN'S REVIEW OF OPERATIONS (CONTINUED)

### SUSTAINABILITY PROGRAMME

#### Gowings Surf Hardware international

##### Completed Initiatives

GSHI manufactures a range of globally recognised surf sport related brands including FCS, Gorilla Grip, Softech, Kanulock, and Hydro. Currently 1% of all sales generated goes to the Gowings Whale Trust helping to fund initiatives safeguarding our seas and reducing waste in the ocean. This equates to approximately 10-20% of all GSHI profit generated. A report into eliminating single use plastics in packaging has been completed with the findings currently being implemented.

##### Future Plans

The 1% for the Gowings Whale Trust plan will continue in the foreseeable future and GSHI packaging will be shifted away from single use plastics to cardboard wherever possible. Longer term the aim is to shift production to the use of recycled materials. As a surf travel business, it is integral to Gowings Surf Hardware International's future that GSHI minimise any negative impacts on the ocean and environment generally.

##### Investments

##### Completed Initiatives

The day to day running and practices of the majority of Gowings investments are, generally speaking, outside of our immediate control and this applies to our share portfolio and venture capital investments. Gowings have, however, invested in two farming properties in Tasmania that enable us to sequester carbon and offset emissions created in other areas of the company.

#### Gowings Whale Trust

##### Completed Initiatives

Established in 2001, the Gowings Whale Trust seeks to preserve and promote whale populations, and this extends to the adjacent issues of sea biodiversity and cleanliness. A watercraft has been donated to the Sea Shepherd and their merchandise is promoted at Gowings centres to provide additional support.

##### Future Plans

Whilst there are a number of worthy charities to partner with, Gowings is closely considering the Plastic Collective and Ocean Warriors Australia.

The Plastic Collective is a charity working predominantly in Asia and the Pacific and empowers local communities recycle plastic waste. They provide the training and equipment to enable plastic to be recycled and reused and establish a community supporting profit generating enterprise.

Ocean Warriors Australia is a not-for-profit organisation comprised of marine veterinarians and rescuers dedicated to rescuing and recuperating injured, sick or orphaned marine wildlife.

## DIRECTORS' REPORT

### DIRECTORS

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

Name	Position
Professor J. West	Non-Executive Chairman (Passed 29 July 2023)
J. E. Gowing	Executive Chairman (Appointed 25 August 2023)
J. G. Parker	Non-Executive Director
S. J. Clancy	Non-Executive Director
J. E. Davis	Non-Executive Director (Appointed 25 August 2023)
J. E. Gowing (James)	Director and Joint Company Secretary (Appointed 25 August 2023)
I. H. Morgan	Company Secretary
E. J. Gowing	Associate Director

### REVIEW OF OPERATIONS

Refer to results for announcement to the market.

### ROUNDING OFF

The Company is of a kind referred to in ASIC Corporations (Rounding in the Financial/ Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded to the nearest thousand dollars in accordance with that Legislative Instrument, unless otherwise indicated.

Dated this 29th day of September 2023 in accordance with a resolution of the directors.



J. E. Gowing  
Executive Chairman

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended	Notes	31 July 2023 \$'000	31 July 2022 \$'000
<b>Revenue</b>			
Interest income		360	132
Equities		1,392	894
Private equities		104	100
Investment properties	5	18,646	17,606
Development properties		7,950	-
Revenue from the sale of goods (Surf Hardware International)		42,749	55,507
<b>Total revenue</b>		<b>71,201</b>	<b>74,239</b>
<b>Other income</b>			
Gains / (losses) on disposal or revaluation of:			
Private equities		294	2,751
Investment properties	5	(13,286)	1,404
Other income		1,077	3,732
<b>Total other (loss) / income</b>		<b>(11,915)</b>	<b>7,887</b>
<b>Total revenue and other income</b>		<b>59,286</b>	<b>82,126</b>
<b>Expenses</b>			
Investment properties	5	8,218	7,020
Development properties		4,542	-
Finished goods, raw materials and other operating expenses (Surf Hardware International)		42,642	52,355
Administration		3,333	2,550
Borrowing costs		5,838	2,833
Depreciation and amortisation		1,825	1,721
Employee benefits		1,821	1,322
Public company		669	461
<b>Total expenses</b>		<b>68,888</b>	<b>68,262</b>
<b>(Loss) / profit from continuing operations before income tax</b>		<b>(9,602)</b>	<b>13,864</b>
Income tax benefit / (expense)	4	4,317	(2,944)
<b>(Loss) / profit from continuing operations</b>		<b>(5,285)</b>	<b>10,920</b>
<i>(Loss) / profit from continuing operations is attributable to:</i>			
Members of Gowing Bros. Limited		(5,286)	10,915
Non-controlling interests		1	5
<b>(Loss) / profit from continuing operations</b>		<b>(5,285)</b>	<b>10,920</b>

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

## CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended	Notes	31 July 2023 \$'000	31 July 2022 \$'000
(Loss) / profit from continuing operations		(5,285)	10,920
<b>Other comprehensive income</b>			
<b>Items that will be reclassified to profit or loss:</b>			
Exchange rate differences on translating foreign operations, net of tax		488	72
Changes in fair value of cash flow hedges, net of tax		683	-
<b>Items that will not be reclassified to profit or loss:</b>			
Changes in fair value of equity instruments held at fair value through other comprehensive income, net of tax		1,255	994
<b>Total comprehensive (loss) / income</b>		<b>(2,859)</b>	<b>11,986</b>
<i>Total comprehensive (loss) / income attributable to:</i>			
Members of Gowing Bros. Limited		(2,860)	11,981
Non-controlling interests		1	5
<b>Total comprehensive (loss) / income</b>		<b>(2,859)</b>	<b>11,986</b>
<b>Earnings per share</b>			
Basic (loss) / earnings per share	10	(9.91) c	20.42c
Diluted (loss) / earnings per share	10	(9.91) c	20.42c

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at	Notes	31 July 2023 \$'000	31 July 2022 \$'000
<b>Current assets</b>			
Cash and cash equivalents		17,394	13,713
Inventories		12,571	12,940
Trade and other receivables		6,834	6,814
Loans receivable		137	-
Development properties		6,332	-
Tax receivable		854	-
Other		1,334	1,190
<b>Total current assets</b>		<b>45,456</b>	<b>34,657</b>
<b>Non-current assets</b>			
Loans receivable		363	925
Equities		43,533	45,808
Private equities		5,231	4,646
Development properties		23,195	30,206
Investment properties	5	189,001	205,324
Property, plant and equipment		5,294	4,409
Right of use assets		1,333	1,713
Intangibles		3,710	3,758
Derivatives		898	-
Deferred tax assets		1,471	1,701
Other		2,795	3,049
<b>Total non-current assets</b>		<b>276,824</b>	<b>301,539</b>
<b>Total assets</b>		<b>322,280</b>	<b>336,196</b>
<b>Current liabilities</b>			
Trade and other payables		5,195	5,116
Borrowings		963	2,851
Leases		868	1,346
Current tax liabilities		-	2,010
Provisions		812	1,207
<b>Total current liabilities</b>		<b>7,838</b>	<b>12,530</b>
<b>Non-current liabilities</b>			
Trade and other payables		10	52
Borrowings		94,310	94,310
Leases		559	532
Provisions		301	321
Deferred tax liabilities		23,910	26,508
<b>Total non-current liabilities</b>		<b>119,090</b>	<b>121,723</b>
<b>Total liabilities</b>		<b>126,928</b>	<b>134,253</b>
<b>Net assets</b>		<b>195,352</b>	<b>201,943</b>
<b>Equity</b>			
Contributed equity	7	11,781	11,781
Reserves	9	103,776	100,309
Retained profits	6	79,790	89,849
<b>Contributed equity and reserves attributable to members of Gowings Bros. Limited</b>		<b>195,347</b>	<b>201,939</b>
Non-controlling interests		5	4
<b>Total equity</b>		<b>195,352</b>	<b>201,943</b>

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Contributed Equity \$'000	Capital Profits Reserve- Pre CGT \$'000	Revaluation Reserves \$'000	Foreign Currency Translation Reserve \$'000	Hedging Reserve - Cash Flow Hedges	Retained Profits \$'000	Non- Controlling Interests \$'000	Total \$'000
<b>Balance at 31 July 2021</b>	<b>12,693</b>	<b>90,503</b>	<b>8,504</b>	<b>144</b>	<b>-</b>	<b>83,307</b>	<b>(1)</b>	<b>195,150</b>
Total comprehensive income for the year	-	-	994	72	-	10,915	5	11,986
Transfer of loss on disposal of equity instruments at fair value through comprehensive income to retained earnings, net of tax	-	-	92	-	-	(92)	-	-
<i>Transactions with owners in their capacity as owners:</i>								
Dividends paid	-	-	-	-	-	(4,281)	-	(4,281)
Share buy-back	(912)	-	-	-	-	-	-	(912)
<b>Balance at 31 July 2022</b>	<b>11,781</b>	<b>90,503</b>	<b>9,590</b>	<b>216</b>	<b>-</b>	<b>89,849</b>	<b>4</b>	<b>201,943</b>
Total comprehensive income / (loss) for the year	-	-	1,255	488	683	(5,286)	1	(2,859)
Transfer of loss on disposal of equity instruments at fair value through comprehensive income to retained earnings, net of tax	-	-	1,041	-	-	(1,041)	-	-
<i>Transactions with owners in their capacity as owners:</i>								
Dividends paid	-	-	-	-	-	(3,732)	-	(3,732)
<b>Balance at 31 July 2023</b>	<b>11,781</b>	<b>90,503</b>	<b>11,886</b>	<b>704</b>	<b>683</b>	<b>79,790</b>	<b>5</b>	<b>195,352</b>

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended	Notes	31 July 2023 \$'000	31 July 2022 \$'000
<b>Cash flows from operating activities</b>			
Receipts in the course of operations (inclusive of GST)		67,561	81,636
Payments to suppliers and employees (inclusive of GST)		(60,436)	(76,417)
Dividends and distributions received		1,496	994
Interest received		360	95
Borrowing costs paid		(5,760)	(2,833)
Income taxes paid		(1,745)	(4,071)
<b>Net cash inflows / (outflows) from operating activities</b>		<b>1,476</b>	<b>(596)</b>
<b>Cash flows from investing activities</b>			
Payments for purchases of properties, plant and equipment		(1,703)	(3,368)
Payments for purchases of intangibles		(2)	(21)
Payments for purchases of development properties		(3,863)	(11,256)
Payments for purchases of investment properties		(3,120)	(1,054)
Payments for purchases of equity investments		(3,104)	(11,970)
Payments for loans made		(200)	(375)
Proceeds from repayment of loans made		225	-
Proceeds from sale of equity investments		7,282	15,687
Proceeds from sale of development properties		7,950	-
Proceeds from sale of investment properties		5,696	400
<b>Net cash inflows / (outflows) from investing activities</b>		<b>9,161</b>	<b>(11,957)</b>
<b>Cash flows from financing activities</b>			
Payments for share buy-backs		-	(912)
Proceeds from borrowings		-	1,837
Repayment of borrowings		(1,888)	(100)
Repayment of lease liabilities		(1,336)	(1,091)
Dividends paid		(3,732)	(4,281)
<b>Net cash outflows from financing activities</b>		<b>(6,956)</b>	<b>(4,547)</b>
Net increase / (decrease) in cash held		3,681	(17,100)
Cash and cash equivalents at the beginning of the financial year		13,713	30,813
<b>Cash and cash equivalents at the end of the financial year</b>		<b>17,394</b>	<b>13,713</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Conforming to Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires the Directors to exercise their judgement in the process of applying the Group's accounting policies. These estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or future periods if the revision affects both current and future periods.

This report is based on financial statements which are in the process of being audited.

#### Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in the Financial/ Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the directors' report and interim financial report. Amounts in the directors' report and interim financial report have been rounded to the nearest thousand dollars in accordance with that Legislative Instrument, unless otherwise indicated.

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

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

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

### 2. SEGMENT INFORMATION

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

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



## 2. SEGMENT INFORMATION (CONTINUED)

For the year ended	31 July 2023 \$'000	31 July 2022 \$'000
<b>Segment revenue</b>		
Cash and fixed interest – interest received	360	132
Equities – dividends and option income received	1,392	894
Private equities – distributions received	104	100
Investment properties – rent received	18,646	17,606
Development properties – realised gains on disposal	7,950	-
Surf Hardware International business – sale of goods	42,749	55,507
	<b>71,201</b>	<b>74,239</b>
<b>Segment other income</b>		
Private equities – realised and unrealised gains	294	2,751
Investment properties – realised and unrealised gains	(13,286)	1,404
Other	1,077	3,732
	<b>(11,915)</b>	<b>7,887</b>
<b>Total segment revenue and other income</b>	<b>59,286</b>	<b>82,126</b>

For the year ended	31 July 2023 \$'000	31 July 2022 \$'000
<b>Segment result</b>		
Cash and fixed interest	360	132
Equities	1,392	894
Private equities	398	2,851
Investment properties	(8,272)	9,318
Development properties	3,408	-
Surf Hardware International business	(1,258)	3,109
Other	(5,630)	(2,440)
<b>Total segment result</b>	<b>(9,602)</b>	<b>13,864</b>
Income tax (expense)	4,317	(2,944)
<b>Net (loss) / profit after tax</b>	<b>(5,285)</b>	<b>10,920</b>

As at	31 July 2023 \$'000	31 July 2022 \$'000
<b>Segment assets</b>		
Cash and fixed interest	17,394	13,713
Equities	43,533	45,808
Private equities	5,231	4,646
Investment properties	189,001	205,324
Development properties	23,195	30,206
Surf Hardware International business	21,045	23,713
Unallocated assets	22,881	12,786
<b>Total assets</b>	<b>322,280</b>	<b>336,196</b>
<b>Segment liabilities</b>		
Investment properties	90,175	91,175
Surf Hardware International business	5,043	7,231
Unallocated liabilities	31,710	35,847
<b>Total liabilities</b>	<b>126,928</b>	<b>134,253</b>

**2. SEGMENT INFORMATION (CONTINUED)**

For the year ended	31 July 2023 \$'000	31 July 2022 \$'000
Payments for the acquisition of:		
- Investment properties	3,120	1,054
- Development properties	3,863	11,256
- Equities	3,104	11,970
Gains / (loss) on disposal or revaluation of:		
- Investment properties	(13,286)	1,404
- Private equities	294	2,751
Unallocated:		
- Payments for the acquisition of property, plant and equipment	1,703	3,368
- Payments for the acquisition of intangibles	2	21

**Accounting policies**

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

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

**All segments other than Surf Hardware International business segment**

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

**Surf Hardware International business segment**

Segment assets include all assets excluding operating cash of \$2.42 million (2022: \$1.65 million) which is included in the cash segment) used by the Surf Hardware International business segment and consist primarily of trade and other receivables, inventories, plant and equipment, right of use assets and intangibles, net of related provisions. Segment liabilities consist of borrowings, trade and other payables, lease liabilities and employee entitlements. Segment assets and liabilities do not include income taxes. Tax assets and liabilities are represented as unallocated amounts.

**Segment cash flows**

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

**3. OPERATING PROFIT**

For the year ended	31 July 2023 \$'000	31 July 2022 \$'000
Profit from continuing operations before income tax includes the following specific items:		
<b>Gains</b>		
Private equity investment distributions	104	100
<b>Expenses</b>		
Interest and other borrowing costs	5,838	2,833
Employee benefits	12,367	11,421
Cost of sales (Surf Hardware International)	24,809	34,078
Cost of sales (development properties)	4,542	-

**4. INCOME TAX**

For the year ended	31 July 2023 \$'000	31 July 2022 \$'000
Current tax	(842)	1,526
Deferred tax	(3,234)	1,511
Over provided in prior years	(241)	(93)
	<b>(4,317)</b>	<b>2,944</b>
Income tax attributable to:		
Profit from continuing operations	(4,317)	2,944
Aggregate income tax expense on profit	(4,317)	2,944
<b>Reconciliation of income tax expense to prima facie tax on profit</b>		
(Loss) / profit from continuing operations before income tax expense	(9,602)	13,864
Tax at the Australian tax rate of 30% (2022: 30%)	(2,881)	4,160
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-assessable income / Non-deductible expenses	28	(791)
Franked dividends	(422)	(126)
Over provision in prior year	(241)	(93)
Deferred tax assets not recognised and effect of tax rates in foreign jurisdictions	(801)	(206)
	<b>(4,317)</b>	<b>2,944</b>
<b>Income tax (benefit) / expense</b>		
<b>Amounts recognised directly in equity</b>		
Aggregated current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or (credited) to equity	831	426

**5. NON-CURRENT INVESTMENT PROPERTIES**

As at	31 July 2023 \$'000	31 July 2022 \$'000
<b>At fair value</b>		
Balance at beginning of year	205,324	203,595
Additions	3,120	1,054
Disposal proceeds	(5,696)	(400)
Amortisation on incentives	(461)	(329)
Net (loss) / gain from fair value adjustment	(13,271)	1,250
Net (loss) / gain on disposal	(15)	154
	<b>189,001</b>	<b>205,324</b>
<b>Amounts recognised in profit or loss for investment properties</b>		
Rental revenue	18,646	17,606
Direct operating expenses from rental generating properties	(8,218)	(7,020)
Net (loss) / gain on revaluation or disposal	(13,286)	1,404
	<b>(2,858)</b>	<b>11,990</b>

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

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

	Valuation Method	Weighted average cap rate 2023	Weighted average cap rate 2022	31 July 2023 \$'000	31 July 2022 \$'000
Sub-regional and Neighbourhood shopping centres (Coffs Central, Port Central and Kempsey Central)	(a)	7.23%	6.51%	187,885	198,575
Other properties	(b)			1,116	6,749
				<b>189,001</b>	<b>205,324</b>

- (a) Fair value is based on capitalisation rates, which reflect vacancy rates, tenant profile, lease expiry and the underlying physical condition of the centre. The higher the capitalisation rate, the lower the fair value. Capitalisation rates used as at 31 July 2023 were based on internally prepared valuations.
- (b) Current prices in an active market for properties of similar nature or recent prices of different nature in less active markets.

**6. RETAINED PROFITS**

As at	31 July 2023 \$'000	31 July 2022 \$'000
Retained profits at the beginning of the financial year	89,849	83,307
Net (loss) / profit attributable to members of Gowing Bros. Limited	(5,286)	10,915
Transfer of loss on disposal of equity instruments at fair value through comprehensive income to retained earnings, net of tax	(1,041)	(92)
Dividends provided for or paid	(3,732)	(4,281)
	<b>79,790</b>	<b>89,849</b>

**7. CONTRIBUTED EQUITY AND ISSUED SECURITIES**

	Number of shares 31 July 2023	Number of shares 31 July 2022	31 July 2023 \$'000	31 July 2022 \$'000
<b>Share capital</b>				
Ordinary shares fully paid	53,311,125	53,311,125	11,781	11,781
<b>Movements in ordinary share capital</b>				
<b>Date</b>	<b>Details</b>	<b>Number of shares</b>	<b>Issue price per share</b>	<b>\$'000</b>
31/07/2022	Balance	53,311,125		11,781
31/07/2023	Balance	53,311,125		11,781

**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.

## 7. CONTRIBUTED EQUITY AND ISSUED SECURITIES (CONTINUED)

### Dividend Reinvestment Plan

The Dividend Reinvestment Plan may be offered to shareholders by Directors and allows shareholders to reinvest dividends into shares in the Company. The Dividend Reinvestment Plan has been suspended for the final dividend declared on 29 September 2023.

### 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

Nil shares were bought back during the year (2022: 313,858).

## 8. DIVIDENDS

	Cents per share	Total amount \$	Date of payment
The following dividends were declared and paid by the Group during the year ended 31 July 2023:			
Final fully franked dividend	4.0 cents	2,132,445	28 October 2022
Interim fully franked dividend	3.0 cents	1,599,334	21 April 2023

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

Since the end of the year ended 31 July 2023, the directors declared the following dividend:

Final fully franked dividend	3.0 cents	1,599,334	27 October 2023
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The dividend declared since the year end will be fully franked at the tax rate of 30%. The dividend reinvestment plan has been suspended for the dividend declared on the 29 September 2023.

## 9. RESERVES

As at	31 July 2023 \$'000	31 July 2022 \$'000
<b>Capital profits reserve<sup>1</sup></b>		
Opening balance	90,503	90,503
Transfer from retained profits	-	-
<b>Closing balance</b>	<b>90,503</b>	<b>90,503</b>
<b>Long term investment revaluation reserve<sup>2</sup></b>		
Opening balance	9,590	8,504
Changes in financial assets held at fair value through other comprehensive income		
- Changes in fair value of equities	1,794	1,420
- Deferred tax applicable to fair value adjustments	(539)	(426)
- Transfer of loss on disposal of equity instruments at fair value through comprehensive income to retained earnings, net of tax	1,041	92
<b>Closing balance</b>	<b>11,886</b>	<b>9,590</b>

**9. RESERVES (CONTINUED)**

As at	31 July 2023 \$'000	31 July 2022 \$'000
<b>Foreign currency translation reserve<sup>3</sup></b>		
Opening balance	216	144
Exchange differences on translation of foreign operations	488	72
<b>Closing balance</b>	<b>704</b>	<b>216</b>
<b>Hedging reserve – Cash flow hedges<sup>4</sup></b>		
Opening balance	-	-
Changes in hedges held at fair value through other comprehensive income		
- Changes in fair value of cash flow hedges	975	-
- Deferred tax applicable to fair value adjustments	(292)	-
<b>Closing balance</b>	<b>683</b>	<b>-</b>
<b>Total reserves</b>	<b>103,776</b>	<b>100,309</b>

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

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

<sup>3</sup> The foreign currency translation reserve records exchange rate differences arising on translation differences on foreign controlled subsidiaries.

<sup>4</sup> The Hedging reserve is used to recognise the effective portion of gains and losses on derivatives that are designated and qualify as cash flow hedges.

**10. EARNINGS PER SHARE**

For the year ended	31 July 2023	31 July 2022
Basic earnings per share (cents)	(9.91)	20.42
Diluted earnings per share (cents)	(9.91)	20.42
Weighted average number of ordinary shares on issue (basic and diluted)	53,311,125	53,488,979
<b>Net (loss) / profit after tax</b>	<b>(\$5,285,000)</b>	<b>\$10,920,000</b>

**11. NET TANGIBLE ASSET BACKING**

As at	31 July 2023	31 July 2022
NTA per ordinary security before tax on unrealised gains*	\$3.79	\$3.96
NTA per ordinary security after tax on unrealised gains	\$3.59	\$3.71

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

\*Net tangible asset backing before tax on unrealised gains on equities, investment properties and private equities.

**12. INTERESTS IN JOINT VENTURES**

During the reporting period the Group realised its 50% interest in the Joint Venture Regional Retail Property for \$5.5 million with \$1 million in proceeds being used to repay the borrowings secured against this property.

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

	31 July 2023 \$'000	31 July 2022 \$'000
<b>Current assets</b>		
Cash	-	33
Trade and other receivables	-	36
<b>Total current assets</b>	<b>-</b>	<b>69</b>
<b>Non-current assets</b>		
Investment properties	-	5,500
<b>Total non-current assets</b>	<b>-</b>	<b>5,500</b>
<b>Current share of assets employed in joint venture</b>	<b>-</b>	<b>5,569</b>
<b>Current liabilities</b>		
Trade and other payables	-	46
Borrowings	-	1,000
<b>Total current liabilities</b>	<b>-</b>	<b>1,046</b>
<b>Current share of liabilities employed in joint venture</b>	<b>-</b>	<b>1,046</b>
<b>Net assets employed in joint venture</b>	<b>-</b>	<b>4,523</b>

**13. INTERESTS IN OTHER ENTITIES (EXCLUDING JOINT VENTURES)**

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

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

Entity Name	Country of Incorporation	Ownership Interest	Ownership Interest
		% 2023	% 2022
Pacific Coast Developments 357 Pty Ltd	Australia	100	100
Pacific Coast Developments 357 Fund	Australia	99.9	99.9
1868 Capital Pty Ltd	Australia	100	100
Pacific Coast Developments 112 Fund	Australia	99.9	99.9
Gowings SHI Pty Ltd	Australia	99.9	99.9
SHI Holdings Pty Ltd*	Australia	99.9	99.9
Fin Control Systems Pty Ltd	Australia	99.9	99.9
Surfing Hardware International Holdings Pty Ltd	Australia	99.9	99.9
Surf Hardware International Asia Pty Ltd	Australia	99.9	99.9
Surf Hardware International Europe SARL	France	99.9	99.9
Surf Hardware International UK Ltd	England	99.9	99.9
OZ4U Holdings Pty Ltd	Australia	99.9	99.9
Sunbum Technologies Pty Ltd	Australia	99.9	99.9
Surfing Hardware International USA Inc.	United States of America	99.9	99.9
Surf Hardware International USA Inc.	United States of America	99.9	99.9
Surf Hardware International Hawaii Inc.	United States of America	99.9	99.9
Surf Hardware International Japan KK	Japan	99.9	99.9
Surf Hardware International Pty Ltd	Australia	99.9	99.9
Surf Hardware International New Zealand Pty Ltd	New Zealand	99.9	99.9
Gowings Master Trust	Australia	100	100
1868 High Yield Trust	Australia	100	100
Gowings Life Sciences Trust	Australia	100	100
Gowing Bros Management Services Pty Ltd	Australia	100	100
Coastbeat Pty Ltd	Australia	100	100
Gowings Wholesale Property Fund	Australia	100	100
Coffs Central Pty Ltd	Australia	100	100
Coffs Central Sub-Trust	Australia	100	100
Port Central Pty Ltd	Australia	100	100
Port Central Sub-Trust	Australia	100	100
Kempsey Central Pty Ltd	Australia	100	100
Kempsey Central Sub-Trust	Australia	100	100

No other interests in subsidiaries or other entities (excluding joint ventures) were held by the Group in the 31 July 2023 financial year.

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



#### 14. SUBSEQUENT EVENTS

The following subsequent events have occurred subsequent to the end of the financial year:

1. Post year end on the 1 August 2023 the Group has accepted the takeover bid for the Group's equity investment in DICE Molecules from Ely Lily at USD \$48 per share totalling USD \$4,320,000 received on the 17 August 2023 which is equivalent to approximately AUD \$6,766,000.
2. Following the passing of Chairman and Non-Executive Director Jonathan West, the Board of Directors has reviewed the Board composition and has resolved to:  
Appoint John Gowing as the Company's Executive Chairman.  
Appoint James Gowing as Executive Director.  
Appoint James Davis as Non-Executive Director.
3. Subsequent to the end of the financial year, in September 2023, the Group varied the facility limit ("the amendment") of its secured bills facility held with the Commonwealth Bank of Australia ("the facility").

The facility consists of two tranches including the non-revolving facility which has a facility limit of \$76 million (fully drawn down as at 31 July 2023) and the revolving facility which has a facility limit of \$30 million (\$18.31 million drawn down as at 31 July 2023). The amendment had the effect of reducing the facility limit of the revolving facility from \$30 million to \$20.415 million. The total facility limit on the facility has therefore reduced from \$106 million to \$96.415 million. There were no other changes to the facility as a result of the amendment.

4. The Group has announced a dividend since the end of the year which has been included in Note 8.

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