GO NORTH

Gowings Annual 155th Report 31 July 2023

GOWINGS GOES NORTH

Gowings is a fair dinkum, fair dealing family Company that cares, that is run by "Real People" (not an anonymous corporation).

Gowings identifies as Pioneering alongside our fellow countrymen, our diggers and the Aussie battler. Our objective is to connect Gowings to Australia and the world through history, sharing our pioneering spirit, Australian culture, real achievements and positive identity.

Gowings is honest, hardworking, and traditional, our philosophy, goals and purpose — acknowledges that we are all connected and should care for one-another.

The ocean is a real demonstration of our commitment to our environment through Gowings Whale Trusts' 1% for The Oceans pledge.

We are committed to rural Australia, Gowings moved to the magnificent mid-North Coast of NSW. 'Go North 'leaving Sydney after 152 years to Coffs Harbour, was about us walking the talk, investing in Australia— recording where we have been, to chart the course of where we want to go, 'Go North', is the modern 'Gone To Gowings' re-envisaged.

From history to the events of today, and our portfolio of investments. Building on our pillars of "community, innovation and environment," our objective is to celebrate our indomitable pioneering spirit, generate awareness of the Gowings brand, and continue to bring focus to Australian and global investment opportunities.

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Corporate Directory

Directors	Mr. John Gowing (Executive Chairman) Mr. Sean Clancy (Non-executive Director) Mr. John Parker (Non-executive Director) Mr. James Davis (Non-executive Director) Mr. James Gowing (Director Finance)
Associate Directors	Mr. Ellis Gowing
Secretary	Mr. Ian Morgan
Stock Exchange Listing	The Australian Securities Exchange Ticker Code: GOW
Registered Office	The Gowings Building 303 / 35-61 Harbour Drive Coffs Harbour, NSW, 2450 Australia T +61 2 9264 6321 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	William Buck Level 29, 66 Goulburn Street Sydney NSW 2000 Phone: 61 2 8263 4000
ABN	68 000 010 471
ACN	000 010 471

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.

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.

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**

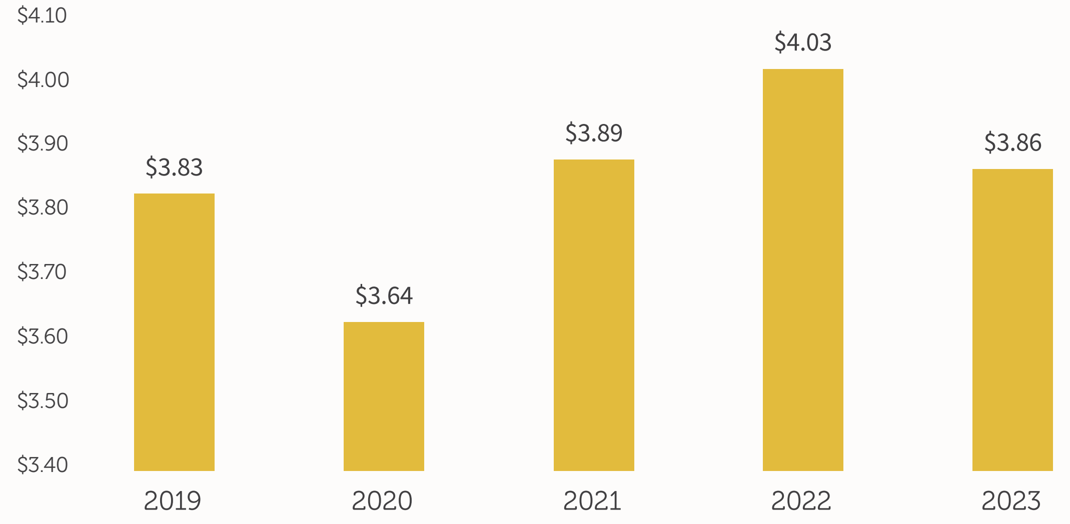
J. E. Gowing
Executive Chairman

Executive Chairman’s Review of Operations

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

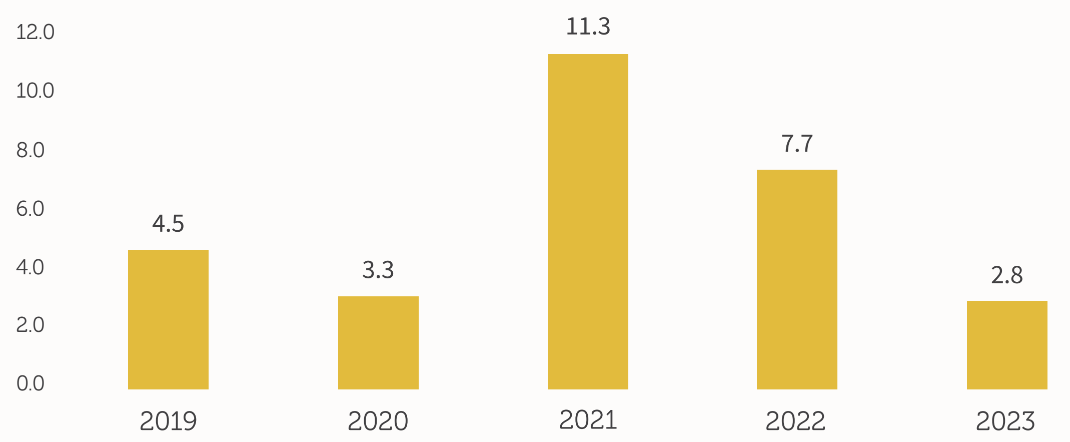
FINANCIAL REVIEW

Net Assets per Share



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.

Operational Profit ($million)

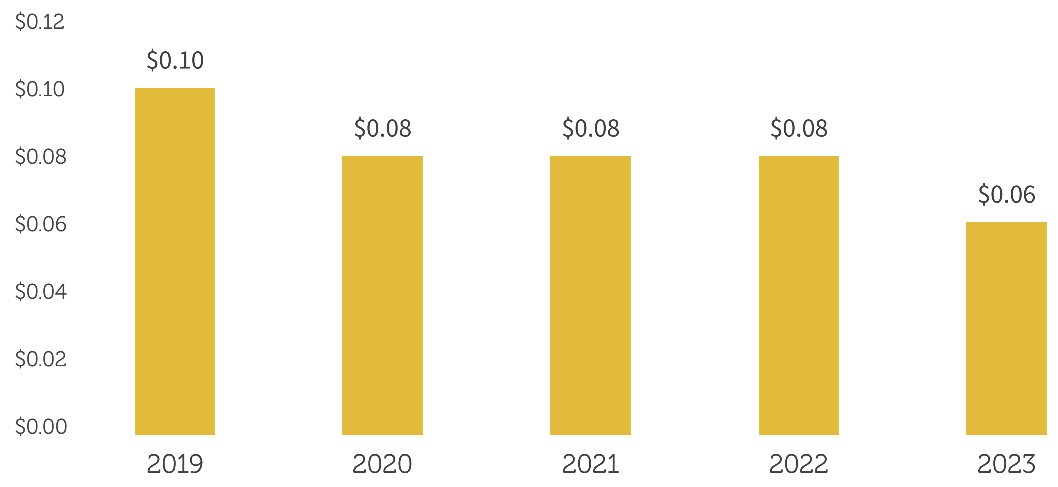


The year ended 31 July 2023 resulted in operational profit of $2.8 million, which excludes revaluations of equities and properties which are non-cash items. The reason for the decrease relates primarily to the loss generated by Surf Hardware in the current year and increased interest rates reducing Investment Property income.

Executive Chairman’s Review of Operations

The Company declared a total dividend of 6.0c in fully franked dividends for the 2023 year. The directors have suspended the dividend reinvestment plan for the final dividend declared to be paid on 27 October 2023.

Dividends Declared per Share



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

For the year ended	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 after tax	($5.3)m	$10.9m	$10.4m	$4.7m	($19.4)m
Earnings per Share	(9.91)c	20.42c	19.35c	8.82c	(36.07)c
Dividends paid 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

PROFIT AND LOSS STATEMENT

For the year ended	31 July 2023 $'000	31 July 2022 $'000
Net Income from Ordinary Activities		
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
Total Net Income from Ordinary Activities	**9,097**	**12,162**
Head Office Expenses		
Administration, Public Company and Other	6,292	4,481
Operational Profit	**2,805**	**7,681**
Gain/(loss) on sale or revaluation		
Investment Properties – unrealised	(13,271)	1,250
Investment Properties – realised	(15)	154
Managed Private Equity – unrealised	(86)	-
Managed Private Equity - realised	380	(1,018)
Derivatives (Fixed Interest Rate Hedge) - realised	(78)	3,769
Other		
Other Costs	-	(23)
Other Income	663	2,051
(Loss) / Profit Before Tax	**(9,602)**	**13,864**
Income Tax Benefit / (Expense)	4,317	(2,944)
(Loss) / Profit After Tax	**(5,285)**	**10,920**

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 $1.3 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.

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

GOWINGS AT A GLANCE (at Directors' Valuation)

	31 July 2023 $'000	31 July 2022 $'000
Strategic Investments		
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
SYMBYX	600	600
EFTsure	738	599
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
Total	59,896	62,732
Private Equity Funds		
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
Total	5,231	4,646
Pacific Coast Shopping Centre Portfolio		
Sub-regional and Neighbourhood Shopping Centres	187,885	198,575
Borrowings	(94,310)	(94,310)
Total	93,575	104,265
Other Direct Properties		
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)
Total	30,642	35,955
Cash and Other		
Cash (AUD)	10,355	7,673
Cash (USD)	4,620	4,388
Tax Liabilities	(11,218)	(13,304)
Surf Hardware International Consolidation Impact[1]	(4,804)	(4,517)
Other Assets and Liabilities	17,424	13,618
Total	16,377	7,858
Net assets before tax on unrealised gain of equities, investment properties and private equities	**205,721**	**215,456**
Provision for tax on unrealised gains on equities, investment properties and private equities	(10,369)	(13,513)
Net assets after tax on unrealised gains on equities, investment properties and private equities	**195,352**	**201,943**

[1] Difference between the investment in Surf Hardware International (at cost) and net assets attributable to the group on consolidation.

Gowings Surf Hardware International ($16 M at 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.

ARGO Investments ($0.37 M)

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

Treasury Wine Estates ($0.34 M)

Treasury Wine Estate (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 State) 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

BHP Billiton ($0.46 M)

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.
www.bhp.com

Cobram Estate Olives ($12.8 M)

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

TPG Telecom Ltd ($0.29 M)

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

Carlton Investments ($6.1 M)

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

Wholesale Investor ($0.4 M)

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

SYMBYX ($0.6 M)

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

Dice Therapeutics ($6.3 M)

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 Lily 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 47.
www.dicetherapeutics.com

Surf Lakes($0.4 M)

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

Tasmanian Oyster Company ($0.48 M)

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

EFTSure ($0.74 M)

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

Executive Chairman’s Review of Operations

Strategic Investments

Private Equities

Power Pollen ($1.54 M)

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

Australian Foundation Investments ($0.42 M)

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

OurCrowd Australia($0.92 M)

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

Our Innovation Fund I, II & III ($3.49 M)

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

EXECUTIVE CHAIRMAN'S REVIEW OF OPERATIONS

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.

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

SUSTAINABILITY PROGRAMME

UPDATE

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.

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 Gowing 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.

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.

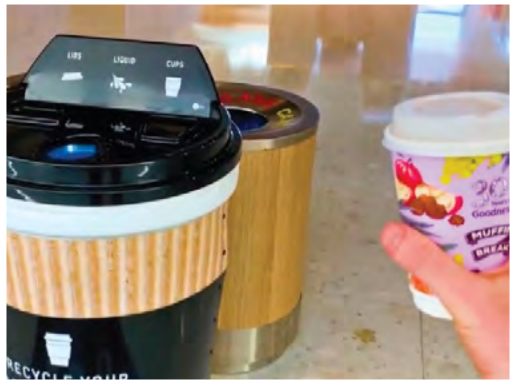
Port Central and Coffs Central have introduced recycling and coffee cup separation bins and organic composters have been installed with the assistance of an EPA grant to allow us to divert food waste from landfill. A rooftop garden has been commissioned at Coffs Central. Kempsey Central now has a 99kw 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.

Directors' Report

Your Directors are pleased to present their report on the Company for the year ended 31 July 2023.

Results

For the year ended		31 July 2023 $'000	31 July 2022 $'000
Operating (loss)/profit for the year before income tax	-	(9,602)	13,864
Income tax benefit/(expense)		4,317	(2,944)
Net (loss)/profit after income tax		(5,285)	10,920
Net (loss)/profit attributable to members of Gowing Bros. Limited		(5,286)	10,915

Dividends

$1,599,334
A final fully franked dividend of 3.0 cents per share is payable to shareholders on 27 October 2023.

$1,599,334
An interim fully franked dividend of 3.0 cents per share was paid to shareholders on 21 April 2023.

$2,132,445
A final fully franked LIC dividend of 4.0 cents per share was paid to shareholders on 28 October 2022.

$2,139,155
An interim fully franked dividend of 4.0 cents per share was paid to shareholders on 22 April 2022.

Review of Operations

The operations of the Company are reviewed in the Executive Chairman's 'Review of Operations' on page 2.

Environment

The Company is committed to a policy of environmental responsibility in all 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

No 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, except for the matters disclosed in note 47 of the financial report.

Likely Developments and Expected Results of Operations

Further information on likely developments in the operations of the Company is included in the Executive Chairman's 'Review of Operations' on page 2.

Directors' and Executives' Interests

The following persons were directors, executives or a company secretary of Gowing Bros. Limited either during or since the end of the year.

		Total Shares
Professor J. West Non-Executive Chairman (Passed 29 July 2023)	Director since April 2016 and Member of the Audit Committee BA (Syd), PHD (Harvard) Professor West is a former Associate Professor in the Graduate School of Business at Harvard University and is an experienced global businessman. Prior to passing, Jonathan was previously a Director in Cobram Estate Olives Limited and Hexima Limited.	434,730
J. E. Gowing Executive Chairman	Executive Director and Member of the Remuneration Committee Director since 1983 Bachelor of Commerce Member of Chartered Accountants Australia and New Zealand, and Member of CPA Australia. No other directorships held in listed companies over the past 3 years.	20,990,202
J. G. Parker Non-Executive Director	Director since 2002 and Chairman of the Audit Committee Bachelor of Economics Mr. Parker is a coach of senior executives, with over three decades as an investment professional. No other directorships held in listed companies over the past 3 years.	57,306
S. J. Clancy Non-Executive Director	Director since April 2016 and Chairman of the Remuneration Committee and Member of the Audit Committee Diploma of Marketing. Mr. Clancy is an experienced businessman with a focus on sales and marketing and is presently a director of Transfusion Pty Ltd.	5,000
J. E. Davis Non-executive Director (Appointed 25 August 2023)	Appointed Director in August 2023. Bachelor of Applied Finance, Bachelor of Commerce (Accounting and Finance), CA. James Davis is a Partner at HQB Accountants Auditors Advisors at Bellingen and Coffs Harbour, NSW. He joined HQB in 2014 and made Partner in 2016. Earlier in his career, James worked at Ernst & Young and Westpac Group, working in audit & assurance in both roles. No other directorships held in listed companies over the past 3 years.	-
J. E. Gowing (James) Director – Finance and Joint Company Secretary (Appointed 25 August 2023)	Appointed Director in August 2023. Bachelor of Business, CA. He is a Chartered Accountant and after graduating from UTS spent five years in Audit and Assurance at William Buck. He has experience with a wide range of Australian Companies, both listed and private. No other directorships held in listed companies over the past 3 years.	64,504
I. H. Morgan Joint Company Secretary	Bachelor of Business, Master of Law, Grad Dip Applied Finance and Investment Mr. Morgan was appointed company secretary on 18 April 2019 and has over 35 years' experience as a Company Secretary and Chartered Accountant for businesses operating both in Australia and overseas.	4,000

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
Prof J. West	3	1	1	1	-	-
J. E. Gowing	3	3	-	-	1	1
J. G. Parker	3	3	1	1	-	-
S. J. Clancy	3	3	1	1	1	1

During the year ended 31 July 2023, meetings were held in person, by telephone and by email. Where necessary, circular resolutions were also approved.

Remuneration Report

The Company's remuneration report, which forms a part of the Directors' Report, is on pages 22 to 24 .

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 63.

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/her 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.

Indemnification and insurance of Auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

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 Independence Standards), 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 Services

During the year the following fees were paid or payable for services provided by William Buck the auditor of the company.

	31 July 2023 $	31 July 2022 $
Audit services – William Buck		
Audit and review – group	123,500	120,800
Audit and review – controlled entities	50,500	47,200
Other services – William Buck		
Financial review	5,250	73,500
	179,250	241,500

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 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.

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.

J. E. Gowing
Executive Chairman

Coffs Harbour, NSW
26 October 2023

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:

- S. J. Clancy, Chairman of the Remuneration Committee
- J. E. Gowing, Executive Chairman

Non-Executive Directors

For Non-executive Directors, remuneration is by way of Directors' fees as described below. For the Executive Director and 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 2023 were:

- Prof. J. West, Chairman of the Board
- J. G. Parker
- S. J. Clancy

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 outside of statutory superannuation.

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 2023 were:

- J. E. Gowing, Executive Chairman
- J. E. Gowing (James), Director – Finance and Joint Company Secretary

Executive remuneration is a combination of a fixed total employment cost package and a discretionary incentive element which may be awarded by cash 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 Executive Chairman The Executive Chairman'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.

Remuneration Report

Details of Remuneration

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

2023					Share based $	Post – employment $	Long term $	Total $
	Cash salary and fees	Cash bonus	Movement in provision for annual leave	Non-monetary benefits	Share bonus	Superannuation	Movement in provision for long service leave	
Non-executive Directors								
Prof. J. West (Chairman)	96,350	-	-	-	-	10,156	-	106,506
J. G. Parker	52,066	-	-	-	-	15,300	-	67,366
S. J. Clancy	43,439	-	-	-	-	4,579	-	48,018
	191,855	-	-	-	-	30,035	-	221,890
Executive Directors								
J. E. Gowing	162,835	-	10,230	-	-	17,165	2,488	192,718
Other key management personnel								
J. E. Gowing (James)	122,126	-	429	-	-	12,874	2,011	137,440
Total key management personnel compensation	476,816	-	10,659	-	-	60,074	4,499	552,048

2022					Share based $	Post – employment $	Long term $	Total $
	Cash salary and fees	Cash bonus	Movement in provision for annual leave	Non-monetary benefits	Share bonus	Superannuation	Movement in provision for long service leave	
Non-executive Directors								
Prof. J. West (Chairman)	94,941	-	-	-	-	9,534	-	104,475
J. G. Parker	52,121	-	-	-	-	11,879	-	64,000
S. J. Clancy	43,620	-	-	-	-	4,380	-	48,000
	190,682	-	-	-	-	25,793	-	216,475
Executive Directors								
J. E. Gowing	163,575	-	12,211	-	-	16,425	2,511	194,722
Other key management personnel								
J. E. Gowing (James)	119,272	-	5,961	-	-	11,978	2,194	139,405
Total key management personnel compensation	473,529	-	18,172	-	-	54,196	4,705	550,602

Remuneration Report

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

	Fixed		Performance	
	2023 (%)	2022 (%)	2023 (%)	2022 (%)
Executive Chairman				
J. E. Gowing	100	100	-	-
Other key management personnel				
J.E. Gowing (James)	100	100	-	-

Service Agreements

There are/ were service agreements in place with J. Parker, J. Gowing, Prof. J. West, S. Clancy, J.E. Gowing.

Remuneration and other terms of employment for the Executive Chairman, executives and other key management personnel are approved by the Board and provide for the provision of performance-related incentives.

Other major provisions relating to remuneration are set out below:

J. E. Gowing, Executive Chairman

- No fixed term.
- Base salary, inclusive of superannuation, as at 31 July 2023 of $180,000, to be reviewed annually by the Remuneration Committee.
- No termination benefit is payable.

J. E. Gowing (James), Director – Finance

- No fixed term.
- Base salary, inclusive of superannuation, as at 31 July 2023 of $135,000, to be reviewed annually by the Remuneration Committee.
- No termination benefit is payable

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

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 and non-executive 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 which in turn assists in aligning the interests of employees with the long term performance of the Company.

The table set out below reflects the relationship between Remuneration Policies and Company Performance:

	2023	2022	2021	2020	2019
Net Profit/(loss) after tax	($5.3)m	$10.9m	$10.4m	$4.7m	($19.4)m
Basic and diluted earnings/(loss) per share	(9.91)c	20.42c	19.35c	8.82c	(36.07)c
Dividends per share declared	7.0c	8.0c	8.0c	8.0c	10.0c
Share buy back – number of shares	-	314k	121k	193k	-
Share buy back – value	-	$912k	$202k	$393k	-
Share price at financial year end	$2.51	$2.77	$2.74	$1.34	$2.45

ASX Listing Requirements

1. Shareholders at 16 October 2023

Range of shares	No. of shareholders
1 – 1,000 shares	350
1,001 – 5,000 shares	385
5,001 – 10,000 shares	159
10,001 – 100,000 shares	310
Over 100,000 shares	55
Total shareholders	1,259

The number of shareholdings held in less than marketable parcels is 148.

2. Voting Rights

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

3. Substantial Shareholders at 16 October 2023

The substantial shareholders as defined by Section 9 of the Corporations Act 2001 are:

John Edward Gowing	21,058,252	Ordinary shares
Carlton Hotel Limited	4,701,144	Ordinary shares
Philip Anthony Feitelson	3,766,622	Ordinary shares

4. Top 20 Equity Security Holders at 16 October 2023

In accordance with Australian Securities Exchange Listing Rule 4.10, the top 20 equity security holders are:

		No. of ordinary shares	% of issued shares
1	Warwick Pty Limited	7,211,378	13.53%
2	Audley Investments Pty Ltd	5,263,957	9.87%
3	Carlton Hotel Limited	4,701,144	8.82%
4	Mr John Edward Gowing	3,676,709	6.90%
5	Woodside Pty Ltd	3,235,816	6.07%
6	Mr John Gowing	1,187,189	2.23%
7	Mr Frederick Bruce Wareham	1,152,358	2.16%
8	Ace Property Holdings Pty Ltd	1,130,000	2.12%
9	Charles & Cornelia Goode Foundation Pty Ltd	1,100,000	2.06%
10	J P Morgan Nominees Australia Pty Ltd	863,699	1.62%
11	Beta Gamma Pty Ltd	830,368	1.56%
12	Mr Graeme Legge	669,200	1.26%
13	Mr Ronald Langley & Mrs Rhonda Elizabeth Langley	660,580	1.24%
14	Enbeear Pty Ltd	636,829	1.19%
15	Mrs Jean Kathleen Poole-Williamson	568,443	1.07%
16	T N Phillips Investments Pty Ltd	550,000	1.03%
17	Feitelson Holdings Pty Ltd	546,500	1.03%
18	Mr Phillip Anthony Feitelson	518,111	0.97%
19	Mr Phillip Feitelson	500,889	0.94%
20	Henadome Pty Ltd	482,497	0.91%
	Total	35,485,667	66.56%
	Total issued share capital	53,311,125	

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 www.gowings.com/reports-announcements/.

Financial Report

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The consolidated financial statements were authorised for issue by the Directors on 26 October 2023.
The Directors have the power to amend and reissue the consolidated financial statements.

Consolidated Statement of Profit or Loss

For the year ended	Notes	31 July 2023 $'000	31 July 2022 $'000
Revenue			
Interest income		360	132
Equities		1,392	894
Private equities	5	104	100
Investment properties	18	18,646	17,606
Development properties		7,950	-
Revenue from the sale of goods (Surf Hardware International)		42,749	55,507
Total revenue		71,201	74,239
Other income			
Gains / (losses) on disposal or revaluation of:			
Private equities	16	294	2,751
Investment properties	18	(13,286)	1,404
Total other income		1,077	3,732
Total (loss) / income		(11,915)	7,887
Total revenue and other income		59,286	82,126
Expenses			
Investment properties	18	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	5,838	2,833
Depreciation and amortisation		1,825	1,721
Employee benefits		1,821	1,322
Public company		669	461
Total expenses		68,888	68,262
(Loss) / profit from continuing operations before income tax expense		(9,602)	13,864
Income tax benefit / (expense)	6	4,317	(2,944)
(Loss) / profit from continuing operations		(5,285)	10,920
(Loss) / profit from continuing operations is attributable to:			
Members of Gowing Bros. Limited		(5,286)	10,915
Non-controlling interests		1	5
(Loss) / profit from continuing operations		(5,285)	10,920

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**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange rate differences on translating foreign operations, net of tax		488	72
Changes in the fair value of cash flow hedges, net of tax		683	-
Items that will not be reclassified subsequently to profit or loss:			
Changes in fair value of equity instruments held at fair value through other comprehensive income, net of tax		1,255	994
Total comprehensive (loss) / income		(2,859)	11,986
Total comprehensive (loss) / income attributable to:			
Members of Gowing Bros. Limited		(2,860)	11,981
Non-controlling interests		1	5
Total comprehensive (loss) / income		(2,859)	11,986
Earnings per share			
Basic (loss) / earnings per share	43	(9.91)c	20.42c
Diluted (loss) / earnings per share	43	(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
Current assets			
Cash and cash equivalents	7	17,394	13,713
Inventories	8	12,571	12,940
Trade and other receivables	9	6,834	6,814
Loans receivable	10	137	-
Development properties	11	6,332	-
Tax receivable	12	854	-
Other	13	1,334	1,190
Total current assets		45,456	34,657
Non-current assets			
Loans receivable	14	363	925
Equities	15	43,533	45,808
Private equities	16	5,231	4,646
Development properties	17	23,195	30,206
Investment properties	18	189,001	205,324
Property, plant and equipment	19	5,294	4,409
Intangibles	20	3,710	3,758
Right of use assets	21	1,333	1,713
Derivatives	22	898	-
Deferred tax assets	23	1,471	1,701
Other	24	2,795	3,049
Total non-current assets		276,824	301,539
Total assets		322,280	336,196
Current liabilities			
Trade and other payables	25	5,195	5,116
Borrowings	26	963	2,851
Lease liabilities	27	868	1,346
Current tax liabilities	28	-	2,010
Provisions	29	812	1,207
Total current liabilities		7,838	12,530
Non-current liabilities			
Trade and other payables		10	52
Borrowings	30	94,310	94,310
Lease liabilities	31	559	532
Provisions	32	301	321
Deferred tax liabilities	33	23,910	26,508
Total non-current liabilities		119,090	121,723
Total liabilities		126,928	134,253
Net assets		195,352	201,943
Equity			
Contributed equity	34	11,781	11,781
Reserves	35	103,776	100,309
Retained profits		79,790	89,849
Contributed equity and reserves attributable to members of Gowing Bros. Limited		195,347	201,939
Non-controlling interests		5	4
Total equity		195,352	201,943

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

Consolidated Statement of Changes in Equity

For the year ended	Contributed Equity $'000	Capital Profits Reserve-Pre CGT Profits $'000	Revaluation Reserves $'000	Foreign Currency Reserve $'000	Hedging Reserve - Cash Flow Hedge $'000	Retained Profits $'000	Non-Controlling Interests $'000	Total $'000
Balance at 31 July 2021	12,693	90,503	8,504	144	-	83,307	(1)	195,150
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)	-	-
Transactions with owners in their capacity as owners:								
Share buy-back	(912)	-	-	-	-	-	-	(912)
Dividends paid	-	-	-	-	-	(4,281)	-	(4,281)
Balance at 31 July 2022	11,781	90,503	9,590	216	-	89,849	4	201,943
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	-	-	1041	-	-	(1,041)	-	-
Transactions with owners in their capacity as owners:								
Dividends paid	-	-	-	-	-	(3,732)	-	(3,732)
Balance at 31 July 2023	11,781	90,503	11,886	704	683	79,790	5	195,352

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
Cash flows from operating activities			
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 received		1,496	994
Interest received		360	95
Borrowing costs paid		(5,760)	(2,833)
Income taxes paid		(1,745)	(4,071)
Net cash inflows / (outflows) from operating activities	45	1,476	(596)
Cash flows from investing activities			
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 development properties		7,950	-
Proceeds from sale of equity investments		7,282	15,687
Proceeds from sale of investment properties		5,696	400
Net cash inflows / (outflows) from investing activities		9,161	(11,957)
Cash flows from financing activities			
Payments for share buy-backs		-	(912)
Proceeds from borrowings		-	1,837
Repayment of borrowings	46	(1,888)	(100)
Repayment of lease liabilities	46	(1,336)	(1,091)
Dividends paid	36	(3,732)	(4,281)
Net cash outflows from financing activities		(6,956)	(4,547)
Net increase / (decrease) in cash and cash equivalents held		3,681	(17,100)
Cash and cash equivalents at the beginning of the financial year		13,713	30,813
Cash and cash equivalents at the end of the financial year	7	17,394	13,713

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

Notes To The Consolidated Financial Statements

1. Summary Of Significant Accounting Policies

Gowings Bros. Limited ("the Company") is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange ("ASX"). The consolidated financial statements comprise the Company and its controlled entities (referred herein as "the Group").

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

(a) Basis of preparation

These general purpose consolidated financial statements have 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 consolidated financial statements comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Historical cost convention

These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of equities (financial assets at fair value through other comprehensive income), private equities (financial assets at fair value through profit or loss), investment properties and certain classes of property, plant and equipment.

Critical accounting estimates

The preparation of consolidated 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 Group's accounting policies. Areas involving a higher degree of judgement and complexity or where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

Comparative information

Information has been reclassified where applicable to enhance comparability.

Amending Accounting Standards and Interpretations

Several amending Accounting Standards and Interpretations apply for the first time for the current reporting period commencing 1 August 2022. These amending Accounting Standards and Interpretations did not result in any adjustments to the amounts recognised or disclosures in the financial report.

New, revised or amending Accounting Standards and Interpretations issued but not yet mandatory

Certain new Australian Accounting Standards and Interpretations have been recently published that are not yet mandatory for the reporting period ended 31 July 2023. The Group's assessment is that these new Australian Accounting Standards and Interpretations are not expected to have a material impact on the Group in future reporting periods.

(b) Principles of Consolidation

The consolidated financial statements incorporate all the assets, liabilities and results of the Company and all the subsidiary companies and other interests it controlled during the year ended 31 July 2023. The Company controls an entity when it is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Details of subsidiary companies and other interests of the Company are set out in note 40.

The assets, liabilities and results of its subsidiaries are fully consolidated into the financial statements of the Group from the date which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies of the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non-controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the consolidated statement of financial position and consolidated statement of comprehensive income.

1. Summary Of Significant Accounting Policies (Continued)

(c) Business combinations

Business combinations occur where the Group acquires control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exceptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

All transaction costs incurred in relation to business combinations are recognised as expenses in profit and loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

(d) Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is carried as the excess of the sum of:

(i) the consideration transferred;
(ii) any non-controlling interest (determined under either the full goodwill or proportionate interest method); and
(iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable net assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest form the cost of the investment.

Fair value re-measurements in any pre-existing equity holdings are recognised in profit or loss in the period in which they arise. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds a less than 100% interest will depend on the method adopted in measuring the non-controlling interest. The Group can elect in most circumstances to measure the non-controlling interest in the acquiree either at fair value ("full goodwill method") or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets ("proportionate interest method"). In such circumstances, the Group determines which method to adopt for each acquisition and this is stated in the respective notes to these financial statements disclosing the business combination.

Under the full goodwill method, the fair value of the non-controlling interests is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interest is recognised in the consolidated financial statements.

Goodwill on acquisitions of subsidiaries is included in intangible assets.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, which represents the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Changes in the ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

1. Summary Of Significant Accounting Policies (Continued)

(e) Segment reporting

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

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

(f) Foreign currency translation

(i) Functional and presentation currency
Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates ("functional currency"). The consolidated financial statements are presented in Australian dollars, which is the Group'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 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.

(iii) Foreign Operations
The financial results and position of foreign operations, whose functional currency is different from the Group's presentation currency, are translated as follows:

(a) assets and liabilities are translated at exchange rates prevailing at the end of the reporting period;
(b) income and expenses are translated at average exchange rates for the period; and
(c) retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations with functional currencies other than Australian dollars are recognised in other comprehensive income and included in the foreign currency translation reserve in the consolidated statement of financial position. The cumulative amount of these differences is reclassified into profit or loss in the period in which the operation is disposed of.

(g) Income tax

The income tax expense or benefit 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 consolidated 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 Group 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.

(h) Impairment of non-financial 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.

(i) Property, plant and equipment

Property, plant and equipment (excluding freehold properties) are measured at cost less accumulated depreciation and accumulated impairment losses. 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 Group. 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 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.

1. Summary Of Significant Accounting Policies (Continued)

(j) Right of use assets

A right of use asset is recognised at the commencement date of a lease. The right of use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right of use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right of use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(k) Inventories

Inventories comprise raw materials and finished goods and are stated at the lower of cost and net realisable value. Costs of raw materials and finished goods are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(l) Intangibles Other than Goodwill

Intangible assets are identifiable non-monetary assets without physical substance. They are recognised only if it is probable the asset will generate future benefits for the Group. Those assets with an indefinite useful life are tested for impairment annually. All intangible assets are tested for impairment when there is an indication that carrying amounts may be greater than recoverable amounts as set out in note 1(h).

(i) Patents
Patents have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of patents over their useful lives.

(ii) Brand names
Brand names are initially recognised at fair value when acquired in a business combination. Brand names are assessed to have an indefinite useful and are carried at cost less accumulated impairment. An indefinite useful life is considered appropriate when there is no foreseeable limit to the period over which the brand name is expect to generate cash flows.

(m) 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) Sales of goods
Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

(v) Other investment revenue
Trust income and option income is recognised when earned.

(vi) Other property revenue
Other property revenue is recognised in accordance with underlying agreements or when the right to receive payment is established.

(vii) Interest revenue
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(n) Trade and other receivables

Receivables consists mainly of amounts due for rental income and sale of goods. Receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Amounts are usually due between seven and ninety 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.

1. Summary Of Significant Accounting Policies (Continued)

(o) Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless, an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

(i) Financial assets at fair value through profit of loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

(ii) Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the Group intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

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 Group 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 unobservable inputs and maximising the use of relevant observable inputs.

(iii) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income.
The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets measured at fair value through other comprehensive income, the loss allowance is recognised within other comprehensive income. In all other cases, the loss allowance is recognised in profit or loss.

(p) Investment properties

Investment properties, principally comprising freehold commercial and retail buildings, are held for long-term rental yields and are not occupied by the Group. Investment properties are initially recognised at cost, including transaction costs, and are subsequently remeasured at fair value. Movements in fair value are recognised directly to profit or loss.

Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

(q) Joint ventures

Jointly controlled assets
The proportionate interests in the assets, liabilities and expenses of joint venture activities have been incorporated in the consolidated financial statements under the appropriate headings. Details of the joint ventures are set out in note 41.

(r) Trade and other payables

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

(s) Borrowings

Borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

1. Summary Of Significant Accounting Policies (Continued)

(t) 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.

(u) Employee entitlements

(i) Wages, salaries and annual leave
Liabilities for wages, salaries and annual leave 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.

(v) 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.

(w) 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 consolidated statement of financial position.

(x) Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right of use asset is fully written down.

(y) Earnings per share

(i) Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group, 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.

(z) 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 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

2. Financial Risk Management

The Group'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 Group'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 Group 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 financial assets and liabilities are denominated in a currency that is not the Group's functional currency. The Group does not have a policy with regard to hedging currency risk. The Group has not hedged its foreign currency investments. The multiple currencies provide diversification benefits to the portfolio. The Group 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 Group's investments.

The Group's exposure to foreign currency risk on financial assets and liabilities at the reporting date was as follows:

Currency exposure in AUD	31st July 2023				31st July 2022			
	USD $'000	EUR $'000	GBP $'000	JPY $'000	USD $'000	EUR $'000	GBP $'000	JPY $'000
Cash and cash equivalents	5,162	462	72	514	4,572	156	60	712
Trade and other receivables	2,247	1,382	-	773	2,310	2,084	-	740
Trade and other payables	(536)	(388)	(35)	-	(476)	(290)	(48)	(269)
Lease liabilities	(243)	(556)	-	(36)	(784)	(613)	(25)	(141)
Equities	10,028	364	-	421	6,278	346	-	259
Private equities	916	-	-	-	1,252	-	-	-

Based on the cash held at 31 July 2023, if the Australian dollar weakened / strengthened by 10% against the US dollar, cash would have been $574,000 higher / $469,000 lower (2022: $508,000 higher / $416,000 lower). If the Australian dollar weakened / strengthened by 10% against the GBP, cash would have been $8,000 higher / $7,000 lower (2022: $7,000 higher / $5,000 lower). If the Australian dollar weakened / strengthened by 10% against the EUR, cash would have been $51,000 higher / $42,000 lower (2022: $17,000 higher / $14,000 lower). If the Australian dollar weakened / strengthened by 10% against the JPY, cash would have been $57,000 higher / $47,000 lower (2022: $79,000 higher / $65,000 lower).

Based on the trade receivables held at 31 July 2023, if the Australian dollar weakened / strengthened by 10% against the US dollar, receivables would have been $250,000 higher / $204,000 lower (2022: $257,000 higher / $210,000 lower). If the Australian dollar weakened/strengthened by 10% against the EUR, receivables would have been $154,000 higher / $126,000 lower (2022: $232,000 higher / $189,000 lower). If the Australian dollar weakened/strengthened by 10% against the JPY, receivables would have been $86,000 higher / $70,000 lower (2022: $82,000 higher / $67,000 lower).

Based on the trade payables held at 31 July 2023, if the Australian dollar weakened / strengthened by 10% against the US dollar, payables would have been $12,000 higher / $10,000 lower (2022: $53,000 higher / $43,000 lower). If the Australian dollar weakened/strengthened by 10% against the EUR, payables would have been $43,000 higher / $35,000 lower (2022 $32,000 higher / $26,000 lower). If the Australian dollar weakened/ strengthened by 10% against the GBP, payables would have been $4,000 higher / $3,000 lower (2022: $5,000 higher / $4,000 lower).

Based on the lease liabilities held at 31 July 2023, if the Australian dollar weakened / strengthened by 10% against the US dollar, lease liabilities would have been $26,000 higher / $21,000 lower (2022: $87,000 higher / $71,000 lower). If the Australian dollar weakened/strengthened by 10% against the EUR, lease liabilities would have been $62,000 higher / $51,000 lower (2022: $68,000 higher / $56,000 lower). If the Australian dollar weakened / strengthened by 10% against the GBP, lease liabilities would have been $nil higher / $nil lower (2022: $3,000 higher / $2,000 lower). If the Australian dollar weakened / strengthened by 10% against the JPY, lease liabilities would have been $4,000 higher / $3,000 lower (2022: $16,000 higher / $13,000 lower).

Based on the equities held at 31 July 2023, if the Australian dollar weakened / strengthened by 10% against the US dollar, equities would have been $1,114,000 higher / $912,000 lower (2022: $698,000 higher / $571,000 lower). If the Australian dollar weakened/strengthened by 10% against the EUR, equities would have been $40,000 higher / $33,000 lower (2022: $38,000 higher / $31,000 lower). If the Australian dollar weakened/strengthened by 10% against the JPY, equities would have been $47,000 higher / $38,000 lower (2022: $29,000 higher / $24,000 lower).

2. Financial Risk Management (Continued)

Based on the private equities held at 31 July 2023, if the Australian dollar weakened / strengthened by 10% against the US dollar, private equities would have been $102,000 higher / $83,000 lower (2022: $139,000 higher / $114,000 lower).

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.

(i) Price risk
The Group is exposed to asset price risk. This arises from equities and private equities held by the Group. A price reduction at 5% and 10% spread equally over the investment portfolio would reduce its value by $2,438,000 (2022: $2,523,000) and $4,876,000 (2022: $5,045,000) respectively.

The Group 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 Group 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.

(ii) Interest rate risk
The Group's interest-rate risk arises from long-term borrowings and cash on deposit. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk. The Group'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 Group had the following variable rate borrowings:

	Weighted average interest rate	31st July 2023 Balance $'000	Weighted average interest rate	31st July 2022 Balance $'000
Borrowings	5.06%	95,273	0.83%	97,161
Interest rate swaps (notional principal amount)	2.05%	(47,000)	-	-
Net exposure to cash flow interest rate risk		48,273		97,161

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the consolidated statement of financial position and notes to the consolidated financial statements. The Group does not hold any collateral.

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.

Maturity of Financial Liabilities

31 July 2022	Less than 1 year	Between 1-2 years	Between 2-5 years	Over 5 years	Total contractual cash flow
Non-derivatives					
Non-interest bearing	5,116	52	-	-	5,168
Fixed rate	1,346	230	302	-	1,878
Variable rate	2,851	94,310	-	-	97,161
Total non-derivatives	9,313	94,592	302	-	104,207

2. Financial Risk Management (Continued)

Maturity of Financial Liabilities (continued)

31 July 2023	Less than 1 year	Between 1-2 years	Between 2-5 years	Over 5 years	Total contractual cash flow
Non-derivatives					
Non-interest bearing	5,195	10	-	-	5,205
Fixed rate	868	182	377	-	1,427
Variable rate	963	94,310	-	-	95,273
Total non-derivatives	7,026	94,502	377	-	101,905
Derivatives					
Fixed rate	(405)	(405)	(88)	-	(898)

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 Group 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 Group can access at the measurement date.
Level 2: inputs other than 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 Group's assets measured and recognised on a recurring basis at fair value at 31 July 2022 and 31 July 2023. The Group does not have any liabilities measured at fair value at either reporting date.

31 July 2022	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets – designated at fair value through other comprehensive income				
Investments – Australian equities	29,903	-	9,022	38,925
Investments – Global equities	4,860	-	2,023	6,883
Financial assets – designated at fair values through profit or loss				
Investments – Private equities	-	-	4,646	4,646
Investments – Investment properties	-	-	205,324	205,324
Total	34,763	-	221,015	255,778

31 July 2023	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets – designated at fair value through other comprehensive income				
Investments – Australian equities	25,984	-	6,737	32,721
Investments – Global equities	9,272	-	1,540	10,812
Derivatives	-	898	-	898
Financial assets – designated at fair values through profit or loss				
Investments – Private equities	-	-	5,231	5,231
Investments – Investment properties	-	-	189,001	189,001
Total	35,256	898	202,509	238,663

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

Fair values of financial instruments not recognised at fair value

The Group has a number of financial instruments which are not measured at fair value at 31 July 2023. The carrying amounts of cash and cash equivalents, current trade and other receivables, current trade and other payables, current borrowings and current lease liabilities are assumed to approximate their fair value due to their short-term nature. The carrying amounts of non-current trade and other payables, borrowings and lease liabilities approximate their fair value as the impact of discounting is not significant.

2. Financial Risk Management (Continued)

Fair value hierarchy (continued)

Valuation techniques used to determine fair values
Specific valuation techniques used to determine fair value include:

- The fair value of listed Australian and global equities is based on quoted market prices at the reporting date.
- The fair value of directly held unlisted Australian and global 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.
- 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 fair value of sub-regional and neighbourhood shopping centre investment properties is determined by management with reference to the latest independent valuations prepared for each shopping centre updated for changes in operating income and capitalisation rates which reflect vacancy rates, tenant profile, lease expiry, developing potential and the underlying physical condition of the property. For other investment properties, fair value is based on current market prices in an active market for properties of similar nature or recent prices in less active markets.

Fair value measurements using significant unobservable inputs (level 3).
The following table presents the changes in level 3 items for the period ended 31 July 2023:

Reconciliation of level 3 fair value movements	31 July 2023 $'000	31 July 2022 $'000
Opening balance	221,015	236,498
Transfers to level 1	-	(18,469)
Transfers from loans	400	-
Purchases	4,652	4,560
Sales	(9,253)	(9,494)
Amortisation and depreciation	(462)	(329)
Net (loss) / gain recognised to profit and loss	(12,992)	5,598
Net (loss) / gain recognised to other comprehensive income	(851)	2,651
Closing balance	202,509	221,015

Gains and losses on Australian and global equities are presented in the changes in fair value of equity instruments at fair value through other comprehensive income, net of tax line item in the consolidated statement of comprehensive income.

Gains and losses of private equities and investment properties are presented net as other income in the consolidated statement of profit or loss.

Refer to the following notes for reconciliation of individual classes of assets:

- Equities - refer to note 15
- Private equities - refer to note 16
- Investment properties - refer to note 18

Transfers between fair value hierarchy levels and changes in valuation techniques used to determine fair value

During the year there were no transfers of equities between the levels of the fair value hierarchy (2022: transfers of equities between level 3 and level 1 due to these equities being listed on stock exchanges). Transfers between the levels of the fair value hierarchy are recognised at the beginning of the reporting period. There were no changes made to any of the valuation techniques used due to determine fair value during the year.

Significant unobservable inputs used in level 3 fair value measurements

Significant unobservable inputs used in level 3 fair value measurements relate to sub-regional and neighbourhood shopping centre capitalisation rates. Refer to note 18 for further disclosures pertaining to these inputs.

3. Critical Accounting Estimates And Judgements

Managed and Direct Private Equity

The Group'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 2023 was a gain of $380,000 (2022: a loss of $1,018,000) recognised in profit or loss.

The Group 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.

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 loss of $13,271,000 (2022: gain of $1,250,000).

4. 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

For the year ended	31 July 2023 $'000	31 July 2022 $'000
Segment revenue		
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
	71,201	**74,239**
Segment other income		
Private equities – realised and unrealised gains	294	2,751
Investment properties –realised and unrealised gains	(13,286)	1,404
Other	1,077	3,732
	(11,915)	7,887
Total segment revenue and other income	59,286	82,126

For the year ended	31 July 2023 $'000	31 July 2022 $'000
Segment revenue		
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)
Total segment result	**(9,602)**	**13,864**
Income tax benefit / (expense)	4,317	(2,944)
Net (loss) / profit after tax	(5,285)	10,920

4. Segment Information (Continued)

For the year ended	31 July 2023 $'000	31 July 2022 $'000
Revenue from external customers by geographical region		
Australia	39,978	31,422
United States of America	12,449	17,765
Japan	7,318	8,214
Europe	9,600	15,712
Total revenue from external customers	69,345	73,113

The Group only derives revenue from external customers in the investment properties, development properties and Surf Hardware International business segments.

As at	31 July 2023 $'000	31 July 2022 $'000
Segment assets		
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
Total assets	322,280	336,196
Segment liabilities		
Investment properties	90,175	91,175
Surf Hardware International business	5,043	7,231
Unallocated liabilities	31,710	35,847
Total liabilities	126,928	134,253
Non-current assets by geographical region		
Australia	264,990	290,885
United States of America	9,886	8,702
Japan	770	697
Europe	1,178	1,255
Total non-current assets	276,824	301,539

4. 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 / (losses) 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 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.

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.

5. Operating Profit

For the year ended	31 July 2023 $'000	31 July 2022 $'000
(Loss) / profit from continuing operations before income tax expense includes the following specific items:		
Gains		
Private equity investment distributions	104	100
Expenses		
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	-

6. Income Tax Expense

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)
	(4,317)	2,944
Income tax attributable to:		
(Loss) / profit from continuing operations	(4,317)	2,944
Aggregate income tax expense on (loss) / profit	(4,317)	2,944
Reconciliation of income tax expense to prima facie tax on (loss) / profit		
(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 recorded not recognised and effect of tax rates in foreign jurisdictions	(801)	(206)
Income tax (benefit) / expense	(4,317)	2,944
Amounts recognised directly in equity 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

7. Cash And Cash Equivalents

As at	31 July 2023 $'000	31 July 2022 $'000
Cash at bank and on hand	17,394	13,713

8. Current Inventories

At cost or net realisable value		
Raw materials and finished goods	12,571	12,940
Balance at end of year	12,571	12,940

9. Current Trade And Other Receivables

Trade debtors	7,136	7,111
Less: expected credit losses	(302)	(297)
Balance at end of year	6,834	6,814

10. Current Loans Receivables

Loan receivables	1,37	-

11. Current Development Properties

At cost or net realisable value		
Balance at beginning of year	-	-
Transfer from non-current investment properties	6,332	-
Balance at end of year	6,332	-

12. Tax Receivables

As at	31 July 2023 $'000	31 July 2022 $'000
Tax receivable	854	-

13. Other Current Assets

Prepayments	1,334	1,181
Other	-	9
Balance at end of year	1,334	1,190

14. Non-Current Loan Receivables

Loan receivables	363	925

Interest on loans are charged at commercial interest rates.

15. Non-Current Equities

At fair value through other comprehensive income		
Balance at beginning of year	45,808	43,087
Revaluation to fair value	1,794	1,421
Additions	2,790	9,608
Transfers	400	408
Disposal proceeds	(7,259)	(8,716)
Balance at end of year	43,533	45,808

Changes in fair value of equities are recorded in equity.

16. Non-Current Private Equities

At fair value through profit or loss		
Balance at beginning of year	4,646	8,003
Revaluation to fair value	380	(1,018)
Additions	314	658
Transfers	-	(71)
Disposal proceeds	(23)	(6,695)
Net (loss) / gain on disposal	(86)	3,769
Balance at end of year	5,231	4,646

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

17. Non-Current Development Properties

At cost or net realisable value		
Balance at beginning of year	30,206	18,950
Additions	3,863	11,256
Disposal proceeds	(7,950)	-
Net gain on disposal	3,408	-
Transfer to current development properties	(6,332)	-
Balance at end of year	23,195	30,206

18. Non-Current Investment Properties

As at	31 July 2023 $'000	31 July 2022 $'000
At fair value		
Balance at beginning of year	205,324	203,595
Additions	3,120	1,054
Disposal proceeds	(5,696)	(400)
Net (loss) / gain on disposal	(15)	154
Amortisation on incentives	(461)	(329)
Net (loss) / gain from fair value adjustment	(13,271)	1,250
Balance at end of year	189,001	205,324

Amounts recognised in profit of loss for investment properties		
Rental revenue	18,646	17,606
Direct operating expenses from rental generating properties	(8,218)	(7,020)
Net (loss) / gain on disposal	(15)	154
Net (loss) / gain on revaluation	(13,271)	1,250
	(2,858)	11,990

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

	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
				189,001	205,324

(a) Fair value is based on capitalisation rates, which reflect vacancy rates, tenant profile, lease expiry, developing potential and the underlying physical condition of the property. The higher the capitalisation rate, the lower the fair value.

Capitalisation rates used and the fair value adopted for each property at 31 July 2023 were based on external valuations adjusted for any changes in assumptions, estimates or source data with reference to the properties current and forecasted performance, vacancy levels, tenancy profile and recent market data.

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

Sensitivity analysis of sub-regional and neighbourhood shopping centre investment properties held at fair value

At 31 July 2023, a reduction of 0.5% in the capitalisation rate applied to each property would result in an additional gain of $14.819 million in the consolidated statement of profit or loss and consolidated statement of other comprehensive income. Similarly, an increase of 0.5% in the capitalisation rate of each property would result in an additional loss of $12.714 million in the consolidated statement of profit or loss and consolidated statement of other comprehensive income.

19. Non-Current Property, Plant and Equipment

	Motor vehicles $'000	Furniture, fittings & equipment $'000	Total $'000
Year ended 31 July 2022			
Opening net book amount	223	1,328	1,551
Additions	253	3,115	3,368
Disposals	-	(2)	(2)
Depreciation charge	(47)	(461)	(508)
Closing net book amount	429	3,980	4,409
At 31 July 2022			
Cost	832	11,427	12,259
Accumulated depreciation	(403)	(7,447)	(7,850)
Net book amount	429	3,980	4,409
Year ended 31 July 2023			
Opening net book amount	429	3,980	4,409
Additions	38	1,665	1,703
Disposals	-	(9)	(9)
Depreciation charge	(76)	(733)	(809)
Closing net book amount	391	4,903	5,294
At 31 July 2023			
Cost	870	12,707	13,577
Accumulated depreciation	(479)	(7,804)	(8,283)
Net book amount	391	4,903	5,294

20. Non-Current Intangibles

As at	31 July 2023 $'000	31 July 2022 $'000
Goodwill	2,383	2,383
Brand names and patents	1,327	1,375
Balance at end of year	3,710	3,758

Intangible assets, other than goodwill and brand names have finite useful lives. Goodwill and brand names have an indefinite useful life. Goodwill and brand names are allocated to the Surf Hardware International business segment ("the cash-generating unit").

The Group tests whether goodwill and brand names have suffered any impairment at each reporting period. The recoverable amount of the cash-generating unit is determined based on either value-in-use calculations or the estimated fair value less costs to sell.

Goodwill, brand names and patents

The recoverable amount of the cash-generating unit is based on value-in-use of the Surf Hardware International business segment which is calculated based on the present value of cash flow projections over a five year period with the period extending beyond four years extrapolated using an estimated growth rate.

Five year projected cash flows in respect of the Surf Hardware International business segment are $20m. Key assumptions include: (a) 10% discount rate; (b) 3% per annum projected net revenue growth rate; (c) 3% per annum increase in operating expenses; and (d) 3% terminal growth rate. Based on these assumptions the Directors have determined that no impairment charge shall be recognised during the current reporting period.

21. Non-Current Right of use Assets

	Land and buildings $'000	Motor vehicles $'000	Equipment $'000	Total $'000
Year ended 31 July 2022				
Opening net book amount	1,660	19	68	1,747
Additions	948	28	20	996
Lease modifications	-	-	-	-
Foreign exchange movements	(3)	-	-	3
Depreciation charge	(996)	(18)	(13)	(1,027)
Closing net book amount	1,609	29	75	1,713
At 31 July 2022				
Cost	4,590	106	105	4,801
Accumulated depreciation	(2,981)	(77)	(30)	(3,088)
Net book amount	1,609	29	75	1,713
Year ended 31 July 2023				
Opening net book amount	1,609	29	75	1,713
Additions	586	-	-	586
Lease modifications	-	-	-	-
Foreign exchange movements	-	-	-	-
Depreciation charge	(917)	(19)	(30)	(966)
Closing net book amount	1,278	10	45	1,333
At 31 July 2023				
Cost	5,587	106	105	5.798
Accumulated depreciation	(4,309)	(96)	(60)	(4.465)
Net book amount	1,278	10	45	1,333

Additional information regarding leases

The Group leases land and buildings for its offices and retail operations which have lease terms of between one and five years with, in some cases, options to extend. On renewal, the terms of the leases are renegotiated. The Group also leases motor vehicles and equipment under agreements of between one to five years.

Each lease generally imposes a restriction that, unless there is a contractual right for the Group to sublet the asset to another party, the right of use asset can only be used by the Group.

The Group's leases include extension and termination options which are exercisable by the Group. These clauses provide the Group opportunities to manage leases in order to align with its strategies. The extension and termination options which were reasonably certain to be exercised are included in the calculation of the right-to-use asset.

22. Derivatives

As at	31 July 2023 $'000	31 July 2022 $'000
Derivatives	898	-
Balance at end of year	898	-

23. Deferred Tax Assets

As at	31 July 2023 $'000	31 July 2022 $'000
The balance comprises temporary differences attributable to:		
Employee benefits	154	296
Accruals	202	409
Equities	221	81
Derivatives	12	12
Tax losses	184	159
Other	698	744
Net deferred tax assets	1,471	1,701
Movements:		
Opening balance at 1 August	1,701	2,386
(Debited) / credited to profit or loss	(230)	(685)
Closing balance at 31 July	1,471	1,701
Deferred tax assets to be recovered within 12 months	386	568
Deferred tax assets to be recovered after 12 months	1,085	1,133
	1,471	1,701

24. Other Non-Current Assets

As at	31 July 2023 $'000	31 July 2022 $'000
Other assets	2,795	3,049

25. Current Trade and Other Payables

Trade creditors	1,886	2,395
Other creditors and accruals	3,309	2,721
Balance at end of year	5,195	5,116

26. Current Borrowings

Bill payable – secured	-	1,000
Commercial advance facility - secured	963	1,851
Balance at end of year	963	2,851

Risk

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

Refinancing / Repayment

The Group expects to renew or refinance current borrowing facilities on normal commercial terms and rates that are acceptable to the Group prior to the respective repayment dates. Alternatively, the Group believes it has the ability to repay any outstanding debt under these facilities from excess cash reserves, proceeds received from the disposal of assets or from cash sourced or raised through the Group's operating or financing activities.

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 30.

As at	31 July 2023 $'000	31 July 2022 $'000

27. Current Lease Liabilities

Lease liabilities	868	1,346

28. Current Tax Liabilities

Income tax payable	-	2,010

29. Current Provisions

Employee entitlements	812	1,207
Balance at end of year	812	1,207

30. Non-Current Borrowings

As at	31 July 2023 $'000	31 July 2022 $'000
Bills payable - secured	94,310	94,310

Risk

The Group'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:		
Bills payable – secured[1]	94,310	95,310
Commercial advance facility – secured[2]	986	1,851
	95,296	97,161

[1]$94.310 million bill is secured against Port Central Shopping Centre, Coffs Central Shopping Centre, and Kempsey Central Shopping Centre (the "SC properties"). The facility consists of two tranches, the first tranche is a non-revolving facility, has a facility limit of $76 million (fully drawn at 31 July 2023). The second tranche is a revolving facility, has a facility limit of $30 million. Interest on the outstanding principal of both tranches is charged at BBSY plus 0.70%. At 31 July 2023 the current interest rate that applies to amounts advanced is 5.0374% p.a. The lender requires the Group and SC properties to meet certain financial ratios at 31 July 2023: the SC properties must have a minimum interest coverage ratio of 1.75 times, the Group must have a minimum interest coverage ratio of 2.25 times, the combined facility limit of the first and second tranches must not to exceed 55% of the aggregate market value of the SC properties (based on the last borrower approval valuation of the SC properties) and the Group's gearing ratio must not exceed 50% and the Group must have a minimum weighted average lease expiry of 2.0 times. .

[2]$0.986 million commercial advance facility is held by Gowings SHI Pty Limited and secured by the assets of Gowings SHI Pty Limited, Fin Control Systems Pty Ltd, Oz4u Holdings Pty Ltd, SHI Holdings Pty Ltd, Sunbum Technologies Pty Ltd, Surf Hardware International Pty Ltd, Surfing Hardware International Holdings Pty Ltd and Surf Hardware International Asia Pty Ltd. The facility has a total facility limit of $2 million. At 31 July 2023 the current interest rate that applies to amounts advanced is 11.02%.

As at	31 July 2023 $'000	31 July 2022 $'000
Financing Arrangements Unrestricted access was available at balance date to the following lines of credit:		
Total facilities		
Secured bill facilities	106,000	107,000
Secured commercial advance facility	2,000	2,000
	108,000	109,000
Used at balance date		
Secured bill facilities	94,310	95,310
Secured commercial advance facility	986	1,851
	95,296	97,161
Unused at balance date		
Secured bill facilities[1]	11,690	11,690
Secured commercial advance facility	1,014	149
	12,704	11,839

[1]As at 31 July 2023 $11.7m of the Group's secured bill facility was not available for draw down until SC properties interest coverage ratio was demonstrated to return to 2 times and the Group interest coverage ration was demonstrated to return to 2.5 times. Please refer to Note 47 for subsequent events.

Off-balance sheet

There are no off-balance sheet borrowings or related contingencies.

31. Non-Current Lease Liability

As at	31 July 2023 $'000	31 July 2022 $'000
Lease liabilities	559	532

32. Non-Current Provisions

Employee entitlements	301	321

33. Deferred Tax Liabilities

The balance comprises temporary differences attributable to:		
Prepayments	100	109
Intangibles	315	315
Investment properties	17,443	21,322
Equities	5,094	4,110
Other	958	652
Net deferred tax liabilities	23,910	26,508
Movements:		
Opening balance at 1 August	26,508	25,163
(Credited)/charged to profit or loss	(3,429)	919
Charged to equity	831	426
Closing balance at 31 July	23,910	26,508
Deferred tax liabilities to be settled within 12 months	100	108
Deferred tax liabilities to be settled after 12 months	23,810	26,400
	23,910	26,508

34. Contributed Equity

	Number of shares 2023	Number of shares 2022	2023 $'000	2022 $'000
Share capital				
Ordinary shares fully paid	53,311,125	53,311,125	11,781	11,781

Movements in ordinary share capital – for the year ended 31 July 2023

Date	Details	Number of shares	Issue price per share	$'000
31/07/2022	Balance	53,311,125		11,781
		53,311,125		11,781

Movements in ordinary share capital – for the year ended 31 July 2022

Date	Details	Number of shares	Issue price per share	$'000
31/07/2021	Balance	53,624,983		12,693
11/08/2021	Share buy-back	(46,633)	$2.75	(128)
24/09/2021	Share buy-back	(36,787)	$3.00	(110)
06/01/2022	Share buy-back	(52,841)	$3.17	(168)
14/02/2022	Share buy-back	(9,825)	$2.97	(29)
06/06/2022	Share buy-back	(143,729)	$2.85	(410)
07/06/2022	Share buy-back	(24,043)	$2.80	(67)
		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.

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 is 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).

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.

35. Reserves

As at	31 July 2023 $'000	31 July 2022 $'000
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	9,590	8,504
Fair value adjustments on equities		
- Equities	1,794	1,420
- Deferred tax applicable to fair value adjustments	(539)	(426)
- Transfer of losses on sale of equity instruments at fair value through comprehensive income to retained profits, net of tax	1,041	92
Closing balance	11,886	9,590
Foreign currency translation reserve[3]		
Opening balance	216	144
Exchange differences on translation of foreign operations	488	72
Closing balance	704	216
Hedging reserve - Cash flow hedges[4]		
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)	-
Closing balance	683	-
Total reserves	103,776	100,309

[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 held at fair value through other comprehensive income.
[3] The foreign currency translation reserve records exchange rate differences arising on translation differences on foreign controlled subsidiaries.
[4] 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.

36. Dividends

As at	31 July 2023 $'000	31 July 2022 $'000
Ordinary shares		
2022 final dividend of 4.0 cents (2021: 4.0 cents interim) per share	2,133	2,142
2023 interim dividend of 3.0 cents (2022: 4.0 cents interim) per share	1,599	2,139
Total dividends declared	3,732	4,281
Dividends paid in cash	3,732	4,281
Dividends paid via Dividend Reinvestment Plan	-	-
	3,732	4,281

Franked dividends declared and paid during the year were fully franked at the tax rate of 30% (2022: 30%).

Dividends declared after year end

Subsequent to year end the Directors have declared the payment of a final dividend of 3.0 cents per ordinary share fully franked based on tax paid at 30%. The dividend is payable on 27 October 2023 out of retained profits at 31 July 2023.

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 2023 and will be recognised in subsequent financial reports.

Franked dividends

The franked portions of the final dividends declared after 31 July 2023 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ended 31 July 2023.

Franking credits available for subsequent financial years (tax paid basis)	4,760	5,158

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 receivable;
(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; and
(d) franking credits that may be prevented from being distributed in subsequent financial years.

37. Remuneration of Auditors

During the year the following fees were paid or payable for services provided by William Buck the auditor of the company:

	31 July 2023 $	31 July 2022 $
Audit services – William Buck		
Audit and review – group	123,500	120,800
Audit and review – controlled entities	50,500	47,200
Other services – William Buck		
Financial review	5,250	73,500
	179,250	241,500

38. Commitments For Expenditure

Capital commitments – Private equities

The Group has uncalled capital commitments of up to $3,205,000 (2022: $1,764,000) in relation to private equity and property fund investments held at year end.

Capital commitments – Development properties

The Group has capital commitments of $nil (2022: $1,849,000) in relation to construction works on development properties at year end.

39. Related Parties

Directors

The names of persons who were Directors of Gowing Bros. Limited at any time during the financial year were J. E. Gowing, J. G. Parker, Prof. J. West and S. J. Clancy.

Those persons that were also Directors during the year ended 31 July 2023.

Remuneration

Information on remuneration of Directors and other key management personnel is disclosed in the remuneration repot.

	31 July 2023 $	31 July 2022 $
Directors and other key management personnel		
Short-term employee benefits	487,475	491,701
Post-employment benefits	60,074	54,196
Long-term benefits	4,499	4,705
	552,048	550,602

Detailed remuneration disclosures can be found in the remuneration report on pages 22 to 24.

Movement in shares

Key management person	Shares held* at 31-Jul-21 No.	Shares acquired/ (disposed) during the year No.	Shares held* at 31-Jul-22 No.	Shares acquired/ (disposed) during the year No.	Shares held* at 31-Jul-23 No.
J. E. Gowing*	20,978,094	12,108	20,990,202	3,546	**20,993,748**
J. G. Parker	57,306	-	57,306	-	**57,306**
Prof. J. West	477,581	(42,851)	434,730	-	**434,730**
S. J. Clancy	5,000	-	5,000	-	**5,000**
J. E. Gowing (James)	64,504	-	64,504	-	**64,504**

*Directly and indirectly

Other key management personnel did not hold shares in the Company.

Receivables and payables from Directors and Executives

Key management person	Transaction type	31 July 2023 $	31 July 2022 $
J. E. Gowing	Receivable – Audley Investments Pty Ltd	55,196	-
J. E. Gowing	Payable – Gowings Whale Trust	(59,232)	-

Transactions with Key Management Personnel and Directors

Key management person	Transaction type	31 July 2023 $	31 July 2022 $
J. E. Gowing	Operational / marketing services	72,378	72,300
J. E. Gowing	Associate director services	5,259	-

39. Related Parties (Continued)

The sons of Mr J E Gowing provided operational services during the year on an employment basis totalling $72,378 (2022: $72,300), and associate director services totalling $5,259 (2022: $nil).

Other related party transactions

Key management person	Transaction type	31 July 2023 $	31 July 2022 $
J. E. Gowing	Donations – Whale Trust	413,252	559,623
J. E. Gowing	Professional fees – Audley Investments Pty Ltd	50,178	-

There were no other transactions with Directors and Director related entities and Executives.

40. 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 % 2023	Ownership Interest % 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.

Significant Restrictions

Other than certain assets pledged as security detailed in note 30, there are no significant restrictions over the Group's ability to access or use assets, and settle liabilities, of the Group

41. Interests in Joint Arrangements

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

The Group's interests in the assets employed in the joint operations are included in the consolidated statement of financial position, in accordance with the accounting policy described in note 1(q), under the following classifications

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

42. 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 and non-executive Directors 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 Group. In all other respects the shares rank equally with other fully-paid ordinary shares on issue.

Options

Nil options were on issue at year end (2022: Nil).

43. Earnings Per Share

	31 July 2023	31 July 2022
Basic earnings per share (cents)	(9.91)c	20.42c
Diluted earnings per share (cents)	(9.91)c	20.42c
Weight average number of ordinary shares on issue	53,311,125	53,488,979
Net (loss) / profit after tax	($5,285,000)	$10,920,000

44. Parent Entity Information

The following information has been extracted from the books and records of the Company and has been prepared in accordance with Australian Accounting Standards:

Statement of Financial Position

	31 July 2023 $'000	31 July 2022 $'000
Assets		
Current assets	14,764	12,613
Non-current assets	295,556	309,901
Total assets	310,320	322,514
Liabilities		
Current liabilities	2,091	4,960
Non-current liabilities	118,431	120,556
Total liabilities	120,522	125,516
Net assets	189,798	196,998
Equity		
Issued capital	11,781	11,781
Capital profits reserve	90,503	90,503
Long term investment revaluation reserve	12,290	9,590
Asset revaluation reserve	683	-
Retained earnings	74,541	85,124
Total equity	189,798	196,998

Statement of Profit or Loss and other Comprehensive Income

Net (loss) / profit after income tax	(5,810)	9,366
Total comprehensive income	3,382	994

Parent entity contractual commitments

The Company has no contractual commitments other than uncalled capital commitments for private equities and development properties as noted in note 38 (2022: Uncalled capital commitments for private equities and development properties as noted in note 38).

Parent entity contingent liabilities

The Company has nil contingent liabilities at year end (2022: nil).

Parent entity guarantees in respect to debts of its subsidiaries

The Company has not entered into any guarantees in respect to debts of its subsidiaries at year end (2022: nil).

45. Reconcilation of Net Profit to Net Cash Inflow from Operating Activities

	31 July 2023 $'000	31 July 2022 $'000
(Loss) / profit from ordinary activities after income tax	(5,285)	10,920
Amortisation of lease incentives	461	329
Depreciation and amortisation	1,825	1,721
Net loss / (gain) on sale of private equities	86	(3,769)
Net loss / (gain) on the sale of investment properties	15	(154)
Net gain on the sale of development properties	(3,408)	-
Revaluation of investment properties to fair value	13,271	(1,250)
Revaluation of private equities to fair value	(380)	1,018
Revaluation of derivatives to fair value	77	-
Increase in receivables	(20)	(463)
Decrease / (increase) in prepayments	110	(1,549)
Decrease / (increase) in inventories	369	(4,675)
Decreases in income taxes	(6,063)	(1,127)
Decrease in provisions	(415)	(2,027)
Increase in trade creditors and accruals	833	430
Net cash inflows / (outflows) from operating activities	1,476	(596)

46. Changes in Liabilities Arising from Financing Activities

Liabilities from financing activities	Opening balance – 31 July 2022	Cash flows from financing activities	Gain on disposal	Additions and lease modifications	Closing balance – 31 July 2023
Borrowings[1]	97,161	(1,888)[3]	-	-	95,273
Lease liabilities[2]	1,878	(1,336)	-	885	1,427

[1] Relates to current and non-current borrowings.
[2] Relates to current and non-current lease liabilities.
[3] Relates to the following cash flows from financing activities for the year ended 31 July 2023:

- Proceeds from borrowings	-
- Repayments of borrowings	(1,888)
	(1,888)

47. 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 the 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 we 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 36.

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

48. Other Information

Gowing Bros. Limited is incorporated and domiciled in New South Wales. The registered office, and principal place of business, is Suite 303, 35-61 Harbour Drive, Coffs Harbour, NSW, 2450.

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 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 consolidated financial statements and notes set out on pages 27 to 61 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
      (i) giving a true and fair view of the Group's financial position as at 31 July 2023 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 consolidated 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 2023

required by section 295A of the Corporations Act 2001.

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

J. E. Gowing
Executive Chairman

Coffs Harbour, NSW
26 October 2023

WilliamBuck
ACCOUNTANTS & ADVISORS

Gowing Bros. Limited

Auditor's independence declaration under Section 307C of the Corporations Act 2001 to the directors

I declare that, to the best of our knowledge and belief during the year ended 31 July 2023 there have been:

– no contraventions of the auditor independence requirements as set out in the obligations of the *Corporations Act 2001* in relation to the audit; and

– no contraventions of any applicable code of professional conduct in relation to the audit, including APES 110 "*Code of Ethics for Professional Accountants (Including Independence Standards)*".

Yours faithfully

William Buck
Accountants & Advisors
ABN 16 021 300 521

L. E. Tutt
Partner
Sydney, 26 October 2023

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WilliamBuck
ACCOUNTANTS & ADVISORS

Gowing Bros. Limited
Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Gowing Bros. Limited (the Company and its subsidiaries [the Group]), which comprises the consolidated statement of financial position as at 31 July 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the Group's financial position as at 31 July 2023 and of its financial performance for the year ended on that date; and

ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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WilliamBuck
ACCOUNTANTS & ADVISORS

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTER	
Valuation of subregional and neighbourhood shopping centre investment properties **Refer also to note 18**	**How our audit addressed it**
The Group has subregional and neighbourhood shopping centre investment properties as at 31 July 2023 totalling $189 million. The valuation of the Group's investment properties requires significant judgement and the use of subjective assumptions and estimates in determining fair value, including selecting the appropriate valuation methodology, market rental rates, vacancy allowances and capitalisation rates. Due to the significant value attached to the investment properties in Group's consolidated financial statements, level of significant judgements and assumptions applied to determine the fair value of the Group's investment properties, this is considered to be a key audit matter.	We have performed procedures to respond to the risk of misstatement of investment properties, these procedures included: — Assessing the competence, capability, experience, independence and objectivity of external valuers appointed by management. — Evaluating the valuation methodology applied. — Testing the reliability and reasonableness of inputs to underlying contracts and supporting documentation. — Testing the appropriateness of assumptions and estimates with reference to historical rates and results, available market data, market conditions and other supporting documentation. — Checking mathematical accuracy of valuation calculations. We have also assessed the adequacy of the Group's disclosures with relevance to Australian Accounting Standards.

KEY AUDIT MATTER	
Valuation of Unlisted Equities **Refer also to notes 15 and 16**	**How our audit addressed it**
The Group has investments of $13.5 million in a number of unlisted equities at 31 July 2023, which have been included in the Group's consolidated statement of financial position. Management assesses the value of these investments at least annually, using various valuation techniques, such as recent arm's length transactions, reference to other instruments that are of a similar nature and other market evidence. Due to the significant judgement involved in assessing the valuation of these assets, this is considered a key audit matter.	We have performed procedures to respond to the risk of misstatement of unlisted equities, these procedures included: — Assessing the valuation methodology applied by management. — Reviewing the valuation inputs including evidence of recent arm's length transactions and agreeing these transactions to external sources. — Reviewing the market data and other financial information. We have also assessed the adequacy of the Group's disclosures with relevance to Australian Accounting Standards.

WilliamBuck
ACCOUNTANTS & ADVISORS

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 July 2023 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our independent auditor's report.

WilliamBuck
ACCOUNTANTS & ADVISORS

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 22 to 24 of the directors' report for the year ended 31 July 2023.

In our opinion, the Remuneration Report of Gowing Bros. Limited, for the year ended 31 July 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

Yours faithfully

William Buck

William Buck
Accountants & Advisors
ABN 16 021 300 521

Leo Tutt

L. E. Tutt
Partner
Sydney, 26 October 2023

Issues to Shareholders Since 19 September 1985

Date	Particulars	Issued From	Issue Price $
31/10/1985	Bonus issue in lieu	Asset Revaluation reserve	
30/04/1986	Bonus issue in lieu	Asset Revaluation reserve	
31/10/1986	Bonus issue in lieu	Asset Revaluation reserve	
16/03/1987	1 for 2 Bonus issue	Asset Revaluation reserve	
30/04/1987	Bonus issue in lieu	Asset Revaluation reserve	
30/04/1988	Dividend Re-investment	Accumulated profits	2.50
31/10/1988	Dividend Re-investment	Accumulated profits	3.70
30/04/1989	Dividend Re-investment	Accumulated profits	3.75
30/04/1989	Special Scrip dividend	Accumulated profits	
16/11/1989	Dividend Re-investment	Accumulated profits	4.35
31/10/1990	1 for 10 Bonus issue	Share Premium – Special Dividend Reserve	
31/10/1991	1 for 20 Bonus issue	Share Premium Reserve	
30/04/1992	Dividend Re-investment	Accumulated profits	3.75
31/10/1992	Dividend Re-investment	Accumulated profits	3.80
29/10/1993	Dividend Re-investment	Accumulated profits	3.60
29/04/1994	Dividend Re-investment	Accumulated profits	3.50
28/04/1995	Dividend Re-investment	Accumulated profits	2.60
28/04/1995	Bonus in Lieu Share Plan	Share Premium Reserve	
03/10/1995	1 for 10 Bonus issue	Share Premium Reserve	
31/10/1995	Dividend Re-investment	Accumulated profits	3.00
31/10/1995	Bonus in Lieu Share Plan	Share Premium Reserve	
26/04/1996	Dividend Re-investment	Accumulated profits	2.90
26/04/1996	Bonus in Lieu Share Plan	Share Premium Reserve	
30/10/1996	Dividend Re-investment	Accumulated profits	3.10
30/10/1996	Bonus in Lieu Share Plan	Share Premium Reserve	
25/04/1997	Dividend Re-investment	Accumulated profits	4.50
25/04/1997	Bonus in Lieu Share Plan	Share Premium Reserve	
15/05/1997	2 for 1 Share Split		
31/10/1997	Dividend Re-investment	Accumulated profits	2.60
31/10/1997	Bonus in Lieu Share Plan	Share Premium Reserve	
30/04/1998	Dividend Re-investment	Accumulated profits	2.35
30/04/1998	Bonus in Lieu Share Plan	Share Premium Reserve	
03/11/1998	Dividend Re-investment	Accumulated profits	2.10
03/11/1998	Bonus in Lieu Share Plan		
28/04/1999	Dividend Re-investment	Accumulated profits	1.90
28/04/1999	Bonus in Lieu Share Plan		
18/11/1999	Dividend Re-investment	Accumulated profits	1.95
18/11/1999	Bonus in Lieu Share Plan		
28/04/2000	Dividend Re-investment	Accumulated profits	1.95
28/04/2000	Bonus in Lieu Share Plan		
27/10/2000	Dividend Re-investment	Accumulated profits	1.80
27/04/2001	Dividend Re-investment	Accumulated profits	2.36
19/10/2001	Dividend Re-investment	Accumulated profits	1.95
18/12/2001	In Specie Distribution	G Retail Ltd shares issued on listing	
22/04/2002	Dividend Re-investment	Accumulated profits	1.90
25/10/2002	Dividend Re-investment	Accumulated profits	1.80
18/12/2002	Dividend Re-investment	Accumulated profits	1.95
24/04/2003	Dividend Re-investment	Accumulated profits	1.90
24/10/2003	Dividend Re-investment	Accumulated profits	2.40
24/10/2003	Bonus in Lieu Share Plan		
23/04/2004	Dividend Re-investment	Accumulated profits	2.40
23/04/2004	Bonus in Lieu Share Plan		
25/10/2004	Dividend Re-investment	Accumulated profits	2.55
22/04/2005	Dividend Re-investment	Accumulated profits	2.70
22/04/2005	Bonus in Lieu Share Plan		
17/07/2009	Dividend Re-investment	Accumulated profits	2.87
05/11/2010	Dividend Re-investment	Accumulated profits	2.42
17/12/2010	1 for 8 Rights issue	Share capital	2.20
05/11/2015	1 for 10 Bonus issue	Share capital	
13/11/2018	Dividend Re-investment	Accumulated profits	2.77
30/04/2019	Dividend Re-investment	Accumulated profits	2.52


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