Enriching People's Lives, since 1868

153rd ANNUAL REPORT | For the year ended 31 July 2021

Est. 1868

GOWING BROS

Investing together for a secure future

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Managing Directors Review of Operations

Continued Uncertainty.

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

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

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

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

A lot of the real action this year has been post year end when some of our sleeping giants crystalized value through initial public offerings. Both Cobram Estate Ltd (previously Boundary Bend Ltd) and Dice Molecules Inc are long term investments of Gowings and listed on the ASX and NASDAQ respectively, crystalizing approximately AUD$12.7 million in underlying value for Gowings as at 30 September 2021 (refer to note 44).

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

Outlook.

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

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

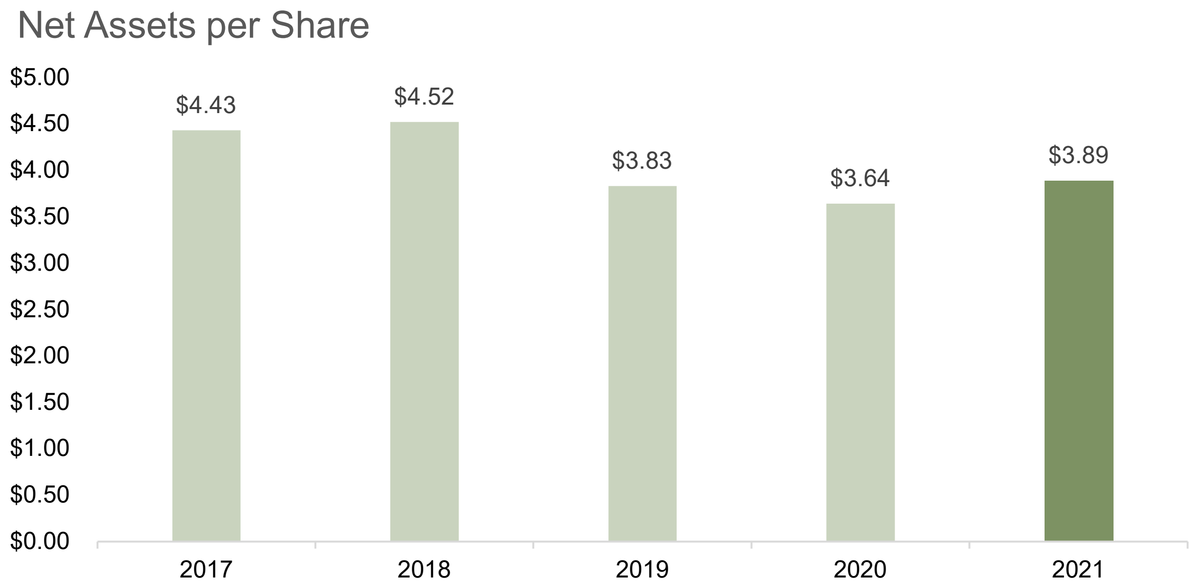
Thank you to all our team members and the wider Gowings community for their continuing support.

J. E. Gowing
Director

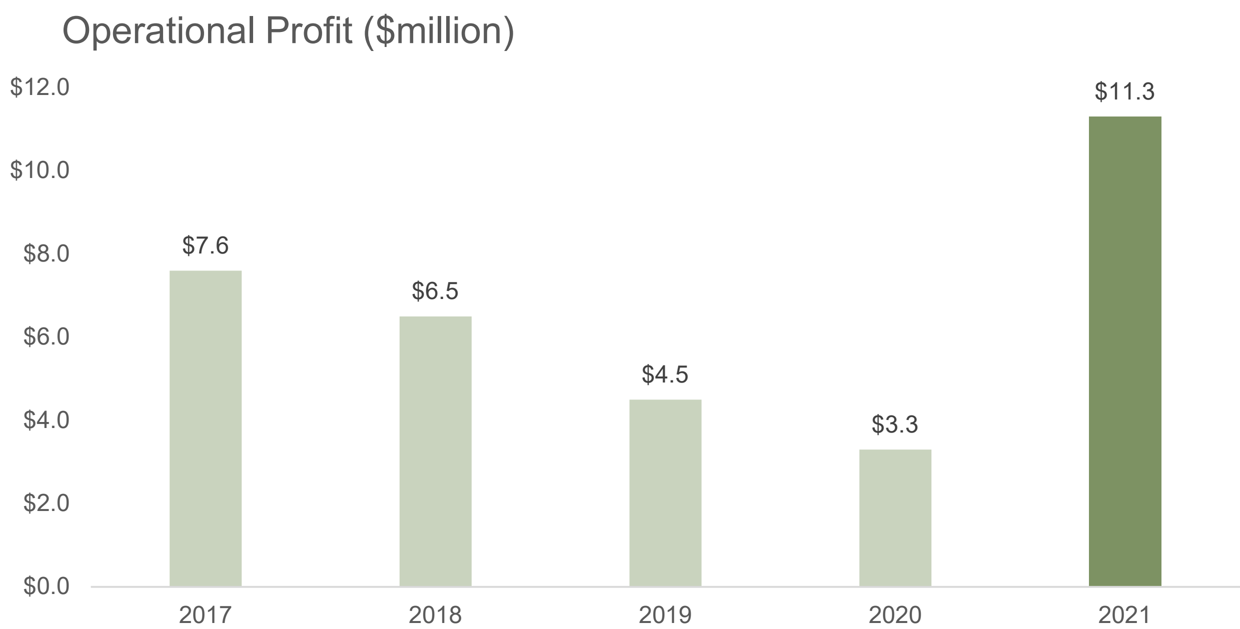
Managing Directors Review of Operations (continued)

On behalf of the Board of Directors, I am pleased to comment on the results for the year ended 31 July 2021.

FINANCIAL REVIEW

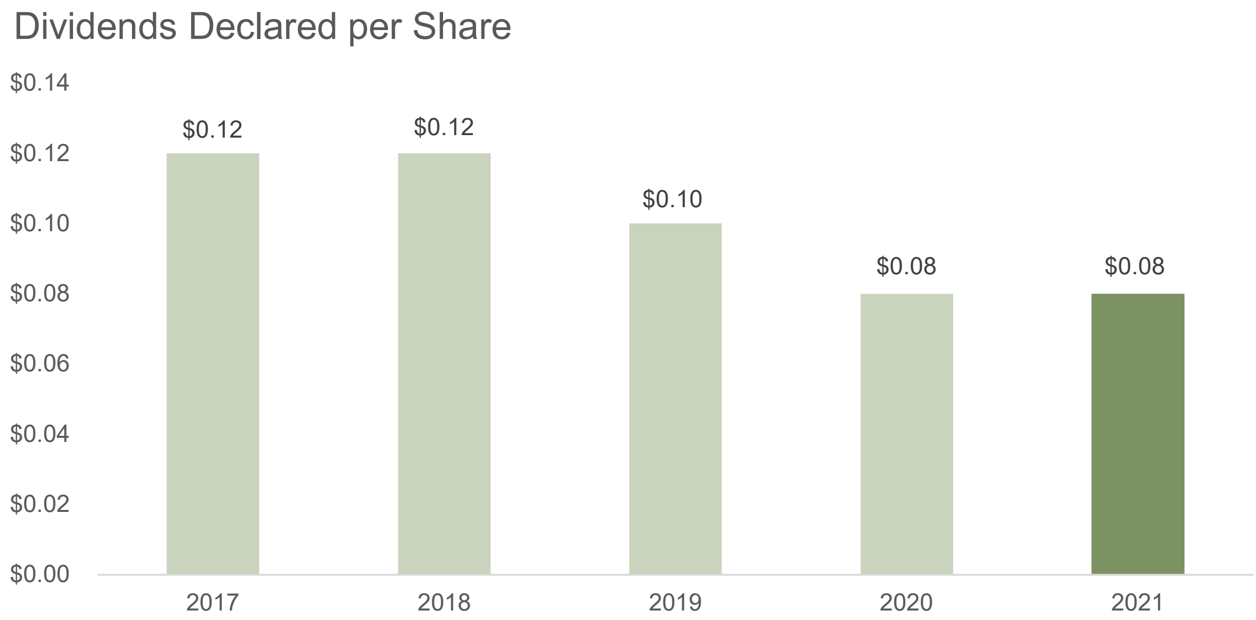


Net assets per share before tax on unrealised gains on equities, investment properties and freehold properties increased (6.87%) to $3.89 as at 31 July 2021, mainly due to operational profitability and the recovery of the strategic equity investment portfolio. Total shareholder return was 8.8% including the increase in net assets per share and the 7.0c paid to Shareholders during the year.



The year ended 31 July 2021 is a record year in operational profit, which excludes revaluations of equities and properties which are non-cash items. The main driver was the record result from Surf Hardware International, along with the recovery of Shopping Centre Income and an overall reduction in expenses due to the relocation to Coffs Harbour.

Managing Directors Review of Operations (continued)



The Company declared a total dividend of 8.0c in fully franked dividends for the 2021 year. The directors have suspended the dividend reinvestment plan for the final dividend declared to be paid on 29 October 2021.

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

KEY METRICS

	31 July 2021	31 July 2020	31 July 2019	31 July 2018	31 July 2017
Net Assets(1)	$208.6m	$195.5m	$206.8m	$242.7m	$237.9m
Net Assets per Share(2)	$3.89	$3.64	$3.83	$4.52	$4.43
Net profit after tax	$10.4m	$4.7m	($19.4)m	$6.5m	$23.2m
Earnings per Share	19.35c	8.82c	(36.07)c	12.18c	43.29c
Dividends paid per Share	7.0c	10.0c	11.0c	12.0c	12.0c
Total Shareholder Return	8.8%	(2.3%)	(12.8%)	4.7%	13.2%

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

(2) Net Assets per share before tax on unrealised gains on 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.

Managing Directors Review of Operations (continued)

PROFIT AND LOSS STATEMENT

For the year ended	31 Jul 2021 $'000	31 Jul 2020 $'000
Net Income from Ordinary Activities		
Interest Income	186	211
Investment Properties	7,094	4,413
Development Properties	648	736
Equities – Dividend Income	437	679
Managed Private Equities	449	131
Surf Hardware International	5,304	1,272
Total Net Income from Ordinary Activities	**14,118**	**7,442**
Head Office Expenses		
Administration, Public Company and Other	2,786	4,159
Operational Profit	**11,332**	**3,283**
Gain/(loss) on sale or revaluation		
Investment Properties – Unrealised	156	(959)
Investment Properties – Realised	-	2,115
Freehold Properties – Realised	946	-
Managed Private Equity – Unrealised	2,515	386
Managed Private Equity - Realised	-	604
Derivatives (Fixed Interest Rate Hedge) - Realised	587	-
Derivatives (Fixed Interest Rate Hedge) - Unrealised	-	(290)
Other		
Other Costs	(2,456)	(128)
Other Income	543	33
Profit Before Tax	**13,623**	**5,044**
Income Tax Expense	(3,241)	(297)
Profit After Tax	**10,382**	**4,747**

Net Investment Property income of has come back to pre-pandemic levels due to no lockdowns during the financial year and no further rental support required for tenants. Office relocation expenditure, restructure costs and a provision for rental support is included in other costs, being the main driver for the increase on prior year.

Net Development Property income of $0.6 million represents the income derived during the year from the sale and settlement of the second stage of lots in the Sawtell Commons Residential sub-division development.

Surf Hardware International net income of $5.3 million represented 317% increase over the prior period and is a record result, the main drivers are the positive impact to surfing participation rates due to changes in working habits as a result of COVID-19.

Overall Total Net Income from Ordinary Activities of $14.1 million was 89.7% higher than the previous year.

The unrealised gain on investment properties was $0.2 million compared to the prior year of ($0.9) million. For more detail on Investment properties please refer to page 12.

The Company has closed out the fixed interest hedge position during the year resulting in a realised gain.

Overall, the profit after tax was $10.4 million compared to the previous year which was a profit of $4.7 million.

Managing Directors Review of Operations (continued)

GOWINGS AT A GLANCE (At Directors Valuation)

	31 July 2021 $'000	31 July 2020 $'000
Strategic Investments		
Surf Hardware International (at cost)	16,000	16,000
Boundary Bend Limited[2]	14,834	12,216
Carlton Investments	6,484	4,650
DiCE Molecules[2]	2,304	2,304
Murray Darling Food Company	2,157	2,157
Hexima	1,822	949
Hydration Pharmaceuticals	1,331	1,331
NSX Limited	1,250	900
Three Valley Meats	950	-
Power Pollen Accelerated Ag Technologies	885	885
EFTsure	681	602
SYMBYX	600	-
Blackfynn	403	403
Other Investments - Australia	8,532	8,269
Other Investments - International	1,704	-
Total	**59,937**	**50,666**
Private Equity Funds		
Five V Capital	3,740	1,620
OurCrowd Australia	1,424	1,248
Our Innovation Fund I	2,544	1,788
Our Innovation Fund II	175	-
Other Private Equity Funds	120	95
Total	**8,003**	**4,751**
Pacific Coast Shopping Centre Portfolio		
Sub-regional and Neighbourhood Shopping Centres	198,069	198,131
Borrowings	(94,309)	(80,175)
Total	**103,760**	**117,956**
Other Direct Properties		
Sawtell Commons - Residential Subdivision	12,480	10,578
Solitary 30 - Coffs Harbour Development Land	3,864	3,734
Other Properties[3]	8,132	13,250
Borrowings	(1,101)	(1,350)
Total	**23,375**	**26,212**
Cash and Other		
Cash (AUD)	21,919	15,329
Cash (USD)	7,087	-
Tax Liabilities	(14,021)	(12,017)
Surf Hardware International Consolidation Impact[1]	(1,310)	(609)
Other Assets and Liabilities	(103)	(6,757)
Total	**13,572**	**(4,054)**
Net assets before tax on unrealised gains, equities, investment and direct properties	**208,647**	**195,531**
Provision for tax on unrealised gains on equities, investment and direct properties	(13,497)	(11,456)
Net assets after tax on unrealised gains on equities, investment and direct properties	**195,150**	**184,075**

1 Difference between the investment in Surf Hardware International (at cost) and net assets attributable to the group on consolidation.
2 Refer to note 44 of the financial report.
3 Freehold Pyrmont properties were sold during the year.

Managing Directors Review of Operations (continued)

INVESTMENT PORTFOLIO

Strategic Investments

Surf Hardware International ($16,000,000 cost)

Surf Hardware International (SHI) delivered an outstanding result in FY21 generating sales of $50.6 million, a 19% increase on the prior corresponding period. While COVID-19 has negatively impacted many businesses, SHI has benefited from increasing rates of surfing participation and a demand for surf accessories & hardgoods. A key focus on driving direct to consumer (DTC) ecommerce sales contributed to an improvement in gross margins and together with the strong sales result, the business generated Net Income of $5.3 million (an improvement of $4 million vs the prior corresponding period).

During the period, the business contributed 1% of total sales to the Gowings Whale Trust to support ocean conservation and the preservation and restoration of our natural environment. With a focus on sustainability, the use of plastic across the business in both our packaging and the shipping of goods was reduced and a key focus for the upcoming period will be launching a new range of eco-blend products featuring plastic free, recycled packaging and bio based materials.

Innovation remains a key focus within the business with the new FCS Freedom Helix leash range launched in August FY21 and a number of other innovation projects in works. Key partnerships have been established with both the University of NSW and the Auckland University of Technology to further develop and extend our innovation capabilities. Looking ahead, while supply chain challenges are expected to persist, the launch of new summer product ranges and marketing initiatives commencing September FY21 should continue to provide a platform for ongoing sales growth.

Murray Darling Food Company ($2,045,000 cost)

Murray Darling Food Company yielded a Net Profit of nearly $3m in FY22 and Gowings also received over $100k in cash distributions from the Trust during the same period. Operational highlights from the company were dominated by the breaking of the drought, resulting in strong demand for the stud rams and stud ewes. The company sold 100% of available stud rams with a 100% clearance rate at both October and March sales, achieving average prices of more than $5,000. Continuing their strategy of educating the market on the Dorper Breed, they ran a well-attended on-farm school in May and also produced three high quality educational videos which have been viewed all over the world, thus cementing their global brand, as exports of semen and embryos into the USA commence. Strong growth is expected for this side of the business. Stud and organic crops have been identified as a key value-add focus for the business moving forward as rains allowed for the successful planting and harvesting of a first organic crop, with a larger crop planted this year.

Managing Directors Review of Operations (continued)

SYMBYX Biome ($600,000 cost)

SYMBYX Pty Ltd (SYMBYX) is an Australian medical technology company developing cold laser therapies to manage previously intractable, chronic diseases and inflammatory conditions. The primary treatment route is via the gut microbiome, leveraging the increasingly well-researched linkages between the microbiome and various body systems, including the nervous system, heart and kidneys. Parkinson's and Fibromyalgia are current priorities and their PDCare 904 NM Laser is CE marked and ARTG listed for the reduction of the associated symptoms. Many forms of Parkinson's are now known to commence in the gut with irritable bowel symptoms often pre-ceding diagnosis by several years. SYMBYX is committed to developing effective, research-driven, non-pharmaceutical therapies for at-home use.

Their best-selling device during FY21 was predictably the PDCare Laser for reduction in Parkinson's symptoms. It was sold almost exclusively via the Company's website and various social media platforms. In FY22 SYMBYX will invest in the increased optimisation of their ecommerce platform, targeted at increased website visitation, SEO, and growing their database. They also recently launched a Clinician Trial Program through registered Neuro Physiotherapists and early indications are positive. This program supports clinicians in an initial in-clinic trial period followed, in most cases, by a 30-day risk free purchase by the patient of the PDCare Laser. Another key focus for SYMBYX during FY22 will be the launch of a new laser device to affect the gut microbiome. Gowings continue to believe in their long-term investment thematic.

Best & Less Group ($501,000 cost, $798,000 market value as at 30 September 2021)

Best & Less Group (BLG), made up of the brands Best & Less in Australia and Postie in New Zealand, is a retailer specialising in baby and kids' apparel. The company generates 86% of revenue from its proprietary brands, all designed in house. Its clothing is then distributed for sale across 246 physical stores and online. The group recorded unaudited sales revenue of $663 million for FY21. The group listed on the ASX on July 26th after a "successful public offering" in which the company raised $60 million on a valuation of $2.16 per share. Demand for its shares was "well supported" by institutional and retail investors and shares jumped to an intraday high of $2.31 after entering the secondary market. BLG remains well positioned to capture long term market opportunity in the speciality value apparel market with its store footprint expansion, online growth, differentiated value proposition and focus on baby, kids and women categories. Gowings are confident that this growth strategy will see success in time.

NSX ($1,500,000 cost, $1,000,000 market value as at 30 September 2021)

NSX owns and operates the National Stock Exchange of Australia; the second largest listings exchange in Australia. NSX is building an alternative exchange, creating a deeper, more liquid and a lower cost of raising capital. Gowings believes NSX has the potential to develop into a Tier 1 listings exchange, providing strong growth by initially targeting lower market capitalisation companies and providing exchange services at lower cost. In May 2021 the Company announced that it had selected NASDAQ to upgrade the NETS Trading Platform, to be installed with the latest version of the NASDAQ Matching Engine (NME). This new platform will provide customers with many immediate benefits and provide a platform for future technological enhancements to power NSX as the second largest corporate listing venue in Australia. With a planned go live date of February 2022. The Company reported a $3m loss for FY21 closing the gap on previous years losses significantly, and with a strong forward pipeline of customers, an increased broker network of 120, the company is confident it will break even over the next financial year, moving into profit in FY23. Gowings continues to watch this holding closely.

Managing Directors Review of Operations (continued)

CannaPacific ($300,000 cost)

CannaPacific is an Australian biotechnology company with a focus on developing novel registered cannabinoid-based medicines for patients with unmet medical needs. CannaPacific is building a global therapeutic offering with an initial focus on palliative care and post-traumatic stress disorder. Their 3 core business hubs are: Pharma Development (rebranded to 3eD Pharma); Cultivation and Clinical engagement programs. During FY21 their Pharma strategy hypothesis continues to be endorsed, they have made strong progress against focus areas of cultivation and are now looking to accelerate pharmaceutical development and ramp up in cultivation in FY22. Their growth strategy is FY21 revenue $0.5m will grow to over $4m in FY22 and $9.6m by FY23. They are on track with raising $6m by 31 December 2021 on the way to a pre-IPO in FY22, applying for IP relating to Prescription Products and currently have 10,000 sqm of outdoor CBD under cultivation. Gowings believes the exponential growth of the Medicinal Cannabis Industry in Australia will continue with some research sources predicting a growth rate of over 40 per cent expected per year over the next five years.

Cobram Estate Olives ($2,900,000 cost, $21,000,000 market value as at 30 September 2021)

Cobram Estate Olives is Australia's leading producer of premium extra virgin olive oil and Australia's largest olive farmer. Boundary Bend produces Australia's two top selling extra virgin olive oil brands, Cobram Estate and Red Island, and owns 2.4 million producing trees on over 6,575 hectares of pristine Australian farmland located in the Murray Valley region of northwest Victoria. Additionally, Boundary Bend operates a bottling, storage and laboratory facility near Geelong and has groves, an olive mill, bottling facilities, laboratory and administrative offices in Woodland, California.

In FY21, the US Olive Oil business reported its first positive EBITDA result and $38.9m net sales, which is a growth of 29.9% on the prior year. Growth was driven by packaged goods, Cobram Estate sales up 57%, Private Label up 100%. The Australian olive oil business reported net sales down 8.6% on prior year due to lower oil supply but the record crop harvested in 2021 should support a return to top line growth in FY22. An investment in new plantings and the maturing grove profile also supports the expectation that the average EBITDA of the Australian oil division will continue increasing over time. The sales outlook is positive with increasing consumer demand for high quality extra virgin olive oil, a need that can be met by the 2021 Australian harvest. Cobram Estate Olives Limited (ASX: CBO), joined the ASX on August 11th 2021 providing investors with an opportunity to own a part of this great Australian food and agribusiness company. Refer to note 44 for subsequent events.

Managing Directors Review of Operations (continued)

Carlton Investments ($2,200,000 cost, $6,600,000 market value as at 30 September 2021)

Carlton Investments Limited is a listed investment company, incorporated in 1928 and traded on the ASX. Carlton Investments' strategy is to invest in established, well managed Australian listed entities that are expected to provide attractive levels of franked dividends and long-term capital growth. Investments are held for the long term and are generally only disposed of through takeover, mergers or other exceptional circumstances that may arise. Carlton Investments do not act as share traders, nor do they invest in speculative stocks. Carlton Investments' primary holding is Event Hospitality and Entertainment (34%) followed by substantial positions in the big 4 Australian Banks (17%) and further positions in BHP, AGL, and Wesfarmers. For FY21, Carlton reported a 44.8% decrease in profit on the prior year at $21m and it is anticipated that dividend revenue for FY22 will remain well down on the pre-COVID levels of 2020. But given the quality of the businesses in the portfolio it is expected that those impacted most by COVID-19 restrictions, such as Event will recover quickly once we see an end to those restrictions.

DiCE Molecules ($1,200,000 cost, $8,600,000 market value as at 30 September 2021)

DiCE Molecules (DiCE) is a privately held US biotechnology company running a technology platform that began at Stanford University and has the potential to revolutionize small molecule drug discovery. Their business model includes the generation of milestone payments and royalty revenue through drug discovery collaborations, alongside the monetization of its own drug development assets.

DiCE has been making great progress despite COVID-19 related challenges and now has an orally available drug candidate approaching clinical development, with strong potential for an efficacious and convenient oral treatment for psoriasis. DiCE is continuing work on their Sanofi-partnered immunology small molecule program which they are seeking to advance into preclinical studies and if these drug developments are executed successfully the potential payoffs are large. Gowings is excited to watch DiCE bring these products forward.

The company has at time of writing just finalised an IPO, listing on the Nasdaq and trading under the ticker DICE. The IPO was priced at USD$17 a share, subsequent trading has lifted it to USD$37 a share and with a market cap value over USD$1.2bn, DiCE has been marked as an 'American Unicorn Company'. Gowings was a founding investor, holding shares since 2014 and the initial investment of USD$1.1m is now worth just over USD$6m, representing a significant return on investment. Refer to note 44 for subsequent events.

Managing Directors Review of Operations (continued)

PowerPollen Accelerated Ag Technologies ($900,000 cost)

PowerPollen is an early-stage agricultural technology company based in Iowa, USA, that is working on advanced yield enhancement technology that enables higher yields in seed and grain production. PowerPollen has created a paradigm shift in agriculture by revolutionizing how plants reproduce, providing unprecedented control of pollination that simplifies corn seed production while potentially enabling hybrid production and higher profits in current low profit crops like wheat. This break-through will increase farmer profits and global food supplies that are necessary to feed a population that is expected to grow to 9 billion by the year 2050.

PowerPollen recently secured a commercial licensing agreement with Bayer for corn seed production and completed a successful summer season working with Bayer to transfer and demonstrate the technology. They now have monetizable commercial agreements with most of the corn seed market. Adoption should begin to scale significantly in 2022 as the 2021 preliminary results look promising. In addition, research and development made significant advances for hybrid wheat and the collaboration with BASF is expected to continue into 2022.

In 2020, PowerPollen raised $13M with a goal of $18M in a Series B fundraise. In 2021, they have continued the series B raise at level terms and have now raised an additional $6M. As a part of this raise, PowerPollen has begun promoting its technology to improve farmer's profits through greater corn yields and higher value grain differentiation via value added traits delivered through preserved pollen applications. Significant momentum for this value proposition is expected as plots from a 2021 demonstration are harvested, which should help drive a Series C fundraise in 2022.

Managing Directors Review of Operations (continued)

Private Equity Funds

Five V Capital ($1,000,000 commitment, $3,700,000 market value as at 30 September 2021)

Five V Capital was set up and is managed by Adrian MacKenzie and Srdjan Dangubic, experienced Australian private equity and venture capital managers with whom Gowings have enjoyed a long relationship. Gowings have committed $1 million to Five V's Fund II which has invested in leading businesses across a range of sectors including healthcare, retail, media, consumer, technology, and financial services. Including brands such as Madman Entertainment, Canva and Universal Store. The Five V focus is on businesses with an enterprise value of between $20 million and $200 million, where they can take a significant ownership position alongside their partners. The principals of Five V Capital have committed a substantial amount of their own capital to Fund II, driving alignment of interests between the managers and investors. At the close of FY21, Five V Funds continue to be pleased by the ongoing performance of Fund II, with the remaining portfolio all having strong operational momentum and clear pathways to future liquidity events and they look forward to reporting on further progress on these exits over the course of 2021. Five V Fund III has more than $500 million of long-term capital available to partner with leading founders and businesses in Australia and New Zealand, bringing their total assets under management to more than $900 million.

Our Innovation Fund ($1,500,000 commitment, $2,500,000 market value as at 30 September 2021)

Our Innovation Fund is an early-stage venture capital fund which invests in Australian based, early stage, innovative technology businesses with the potential for high growth and attractive returns. The Fund is run by a team with decades of experience investing in and building technology businesses. The fund capitalises on the Australian Government's National Innovation and Science Agenda, seeking to stimulate the Australian innovation ecosystem with various grants and tax concessions. The fund currently has portfolio companies across sectors including enterprise software, hardware/devices and financial technology.

In FY21 results the Fund reports that all their companies have continued to grow revenues, attract, and retain top quality talent, build their products and add material value to their stakeholders over the last period. The value of the portfolio has increased over this period and the business was excited to see one of their portfolio companies, Go1, become Australia's most recent 'Unicorn' – a private company valued at over $1 billion. They first invested in Go1 in 2017 at a valuation below $50 million. From a broader portfolio perspective, the Fund is currently tracking at a return of approximately 2.8x invested capital. As the Fund is now in the 'management phase' of its lifecycle - as opposed to the investment phase - they continue to actively assist their portfolio companies to work through the inevitable ups and downs of early-stage technology companies, especially amidst such global instability. They also announced the imminent Final Close of Fund II at circa $100 million.

Managing Directors Review of Operations (continued)

Pacific Coast Shopping Centre Portfolio

Pacific Coast Shopping Centres

Our centres are well placed and continue to capitalise from the rapid economic growth and development currently being experienced in the NSW Mid North Coast region. Substantial ongoing government investment including the approved $1.8 billion dollar Coffs Harbour Pacific Highway Bypass Project due to commence later in 2021, combined with a large population surge due to increased work flexibility and other infrastructure investment including health services, flight schedules, educational facilities and growing employment opportunities means the future of the region looks bright.

We are pleased to report that despite the pandemic and associated lockdown challenges we continue to generate strong leasing interest and tenancy renewals across our regional NSW shopping centre portfolio and expect this momentum to continue. Centre foot traffic and retailer sales were strong over the period with many of our retailers trading at record levels particularly in the food, health, beauty, fitness, lifestyle, and fashion sectors. We expect this momentum in sales and leasing to continue to build, post the most recent July 2021 COVID-19 state lockdown.

Coffs Central

During the period the leasing team were able to successfully renew a major anchor tenant and secure high-quality new retailers in the more challenging air-bridge space at rental levels above valuation including:

Hearing Australia Shape 20 Fone Works

The leasing pipeline and enquiry levels remains relatively strong with 3 new lease deals and 7 renewals currently being negotiated. The team is taking a highly selective approach and focusing on high quality operators to secure a leasing mix informed by retail industry trends to build upon our unique centre experience. On the development side we continue to explore further opportunities at Coffs Central including the DA approved hotel, rooftop apartments and office tower expansion.

Managing Directors Review of Operations (continued)

Port Central

Port Central continues to trade strongly and vacancies are at a minimum. During the period we secured BCU in a prominent street facing site and we are negotiating lease deals with 3 new tenants. The renewals pipeline is strong with a major fashion offer renewing during the period and 10 renewals relating to major retail groups close to finalisation.

The planned capital upgrade & reconfiguration of the upstairs food court into a mixed retail and dining offer are at design and feasibility stage. We continue to work with local planning authorities to evaluate the redevelopment options available to amalgamate the centre with our adjoining site at 99 William Street.

Kempsey Central

We are very pleased to report that the Country Universities Centre Macleay Valley (which was backed and supported by Federal & NSW Government, CUC Central, Kempsey Shire Council, and Gowings Bros Ltd) was opened officially at Kempsey Central in April 2021 by the Mayor and local Federal member. CUC is a major strategic tenancy for the centre and has been hugely successful since launch with 114 registered students, far exceeding the initial targets.

During the period we secured long-term renewals for two major strategic tenants and secured one new tenant to the centre.

Managing Directors Review of Operations (continued)

Other Direct Properties

Sawtell Commons

Completion of the Stage 2 works sees 20 of the 220 Sawtell Commons residential lots constructed and registered for sale or development. Sale prices for the stage 3 release of 56 lots are being reviewed but to date pre-sale interest has been strong with 11 holding deposits received at an average of $325,000 per lot. Stage 3 subdivision works have commenced with Registration for stage 3 expected around the end of March 2022.

Solitary 30

The Jetty development site located at 357 Harbour Drive paves the way for an exciting new mixed-use development for Gowings. The site has now been demolished and some of the historic and original timber elements of the Forestry Building have been re-purposed at the new Gowings Head Office located on level 3 of the Gowings Building on Harbour Drive in Coffs Harbour. Various Architects have presented several concepts for the site and are we continuing to work on finalising a preferred development design. Consultation with Coffs Harbour City Council regarding the potential transfer of ownership of the parcel of land adjoining the road continues, however the design option being developed will allow for, but not rely on transfer of the land.

Financial Report

The consolidated financial statements were authorised for issue by the Directors on 28 October 2021. The Directors have the power to amend and reissue the consolidated financial statements.

Director's Report

Your Directors are pleased to present their report on the Company for the year ended 31 July 2021.

Results

For the year ended	31 July 2021 $'000	31 July 2020 $'000
Operating profit for the year before income tax	13,623	5,044
Income tax expense	(3,241)	(297)
Net profit after income tax	10,382	4,747
Net profit attributable to members of Gowing Bros. Limited	10,381	4,747

Dividends

A final fully franked LIC dividend of 4.0 cents per share is payable to shareholders on 29 October 2021.	$2,141,663
An interim fully franked dividend of 4.0 cents per share was paid to shareholders on 23 April 2021.	$2,145,850
A final fully franked LIC dividend of 3.0 cents per share was paid to shareholders on 29 October 2020.	$1,609,387
An interim fully franked LIC dividend of 5.0 cents per share was paid to shareholders on 30 April 2020.	$2,690,050

Review of operations

The operations of the Company are reviewed in the Managing Director's 'Review of Operations' on page 1.

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 44 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 Managing Director's 'Review of Operations' on page 1.

Director's and Executive's 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	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. No other directorships held in listed companies over the past 3 years.	477,581
J. E. Gowing Managing Director	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.	20,978,094
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 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 Mortgage Choice Limited, Metropolis Pty Ltd, Transfusion Pty Ltd and Touch To Buy Pty Ltd.	5,000
J. E. Gowing (James) Associate Director – Finance and Joint Company Secretary (Appointed 1 October 2020)	James was appointed Associate Director in July 2019. 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.	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
R. Ambrogio Chief Financial Officer and joint company secretary (Resigned 30 November 2020)	Bachelor of Economics, CA Mr. Ambrogio was appointed as Chief Financial Officer on 1 February 2017 and has over 20 years' experience in managing and leading finance teams across advertising, marketing and social services sectors. Robert's experience comes from his past employment with Arthur Andersen, XM Holdings, Creative Activation, and MTC Australia.	10,000

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	4	4	1	1	-	-
J. E. Gowing	4	4	-	-	-	-
J. G. Parker	4	4	1	1	-	-
S. J. Clancy	4	4	1	1	-	-

Given the significant health concerns attributed to the COVID-19 pandemic, in addition to guidelines and restrictions issued by Australian state and federal governments, the Company considers that it is appropriate for members of the Company's Board and its Committees to communicate electronically. When required, the Board has resolved matters by circular resolution.

During the year ended 31 July 2021, 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 20 to 23.

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 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 the auditor of the Company and its related practices. Services were provided to the company and its controlled entities.

	2021 $	2020 $
Audit services – HLB Mann Judd		
Audit and review of financial reports under the Corporations Act 2001	148,100	194,100
Other Services – HLB Mann Judd		
Tax compliance services, including review of Company income tax returns	50,200	35,330
Audit Services – Unrelated Firms		
Audit of subsidiary entities	52,600	-

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.

Professor J. West
Director

Huon Valley, TAS
28 October 2021

J. E. Gowing
Director

Coffs Harbour, NSW
28 October 2021

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, Managing Director

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 2021 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.

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 2021 were:

- J. E. Gowing, Managing Director
- J. E. Gowing (James), Associate Director – Finance and Joint Company Secretary (Appointed 1 October 2020)
- R. Ambrogio, Chief Financial Officer and Joint Company Secretary (Resigned 30 November 2020)

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 Managing Director. The Managing Director's incentive element is awarded at the discretion of the Remuneration Committee and approved by the Board. In determining the amount (if any) of bonus payments or of options or shares issued, consideration is given to an executive's effort and contribution to both the current year performance and the long term performance of the Company, the scope of the executive's responsibility within the Company, the scale and complexity of investments required to be managed, the degree of active management required and the degree of skill exhibited in the overall process. Regard is also given to the quantum of an executive's total remuneration.

Details of Remuneration

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

2021			Short term $		Share based $	Post – Employment $	Long term $	Total $
	Cash salary and fee	**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)	94,978	-	-	-	-	9,062	-	104,040
J. G. Parker	53,394	-	-	-	-	10,986	-	64,380
S. J. Clancy	43,819	-	-	-	-	4,181	-	48,000
	192,191	-	-	-	-	24,229	-	216,420
Executive Directors								
J. E. Gowing	164,321	-	(35,803)	-	-	15,679	(30,435)	113,762
Other key management personnel								
J. E. Gowing (James)[1]	90,440	-	2,686	-	-	8,717	-	101,843
R. Ambrogio[2]	129,777	-	(21,049)	-	-	6,435	(12,770)	102,393
Total key management personnel compensation	**576,729**	**-**	**(54,166)**	**-**	**-**	**55,060**	**(43,205)**	**534,418**

[1] J.E. Gowing (James) was appointed as Associate Director – Finance and Joint Company Secretary on 1 October 2020.
[2] R. Ambrogio resigned from his position as CFO and Joint Company Secretary on 30 November 2020.

2020	Short term $				Share based $	Post – Employment $	Long term $	Total $
	Cash salary and fee	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)	119,848	-	-	-	-	5,211	-	125,059
J. G. Parker	64,047	-	-	-	-	10,620	-	74,667
S. J. Clancy	51,142	-	-	-	-	4,858	-	56,000
	235,037	-	-	-	-	20,689	-	255,726
Executive Directors								
J. E. Gowing	243,384	-	39,155	836	-	18,282	4,962	306,619
Other key management personnel								
R. Ambrogio	198,250	22,831	5,100	-	-	21,138	3,751	251,070
Total key management personnel compensation	**676,671**	**22,831**	**44,255**	**836**	**-**	**60,109**	**8,713**	**813,415**

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

	Fixed		Performance	
	2021 (%)	2020 (%)	2021 (%)	2020 (%)
Executive Directors				
J. E. Gowing	100	100	-	-
Other Key Management personnel				
J.E. Gowing (James)	100	-	-	-
R. Ambrogio	100	91	-	9

Service agreements

There are / were service agreements in place with J. Parker, J. Gowing, Prof. J. West, S. Clancy, J. E. Gowing (James, appointed 1 October 2020) and R. Ambrogio (resigned 30 November 2020).

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

Other major provisions relating to remuneration are set out below:

J. E. Gowing, Managing Director

- No fixed term.
- Base salary, inclusive of superannuation, as at 31 July 2021 of $180,000, to be reviewed annually by the Remuneration Committee.
- No termination benefit is payable.

J. E. Gowing (James), Associate Director – Finance (Appointed 1 October 2020)

- No fixed term.
- Base salary, inclusive of superannuation, as at 31 July 2021 of $120,000, to be reviewed annually by the Remuneration Committee.
- No termination benefit is payable.

R. Ambrogio, Chief Financial Officer (Resigned 30 November 2020)

- No fixed term.
- Base salary, inclusive of superannuation, as at 30 November 2020 of $265,000, 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:

	2021	**2020**	**2019**	**2018**	**2017**
Net profit / (loss) after tax	$10.4m	$4.7m	($19.4)m	$6.5m	$23.2m
Basic and diluted earnings / (loss) per share	19.35c	8.82c	(36.07)c	12.18c	43.29c
Dividends per share - declared	8.0c	8.0c	10.0c	12.0c	12.0c
Share buy-back – number of shares	121k	193k	-	47k	12k
Share buy-back – value	$202k	$393k	-	$135k	$41k
Share price at financial year end	$2.74	$1.34	$2.45	$2.89	$3.23

ASX Listing Requirements

1. Shareholders at 15 October 2021

	No. of shareholders
1 - 1,000 shares	370
1,001 – 5,000 shares	432
5,001 – 10,000 shares	180
10,001 – 100,000 shares	369
Over 100,000 shares	54
Total shareholders	1,405

The number of shareholdings held in less than marketable parcels is 132.

2. Voting Rights

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

3. Substantial Shareholders at 15 October 2021

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

John Edward Gowing	21,042,598	Ordinary shares
Carlton Hotel Limited	4,701,144	Ordinary shares

4. Top 20 Equity Security Holders at 15 October 2021

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	Audley Investments Pty Ltd	15,711,151	29.35
2	Carlton Hotel Limited	4,701,144	8.78
3	Mr John Edward Gowing	3,676,709	6.87
4	Mr John Gowing	1,187,189	2.22
5	Mr Frederick Bruce Wareham	1,152,358	2.15
6	Ace Property Holdings Pty Ltd	1,100,000	2.05
7	Charles and Cornelia Goode Foundation Pty Ltd	1,100,000	2.05
8	J P Morgan Nominees Australia Pty Limited	1,065,898	1.99
9	Mr Ronald Langley & Mrs Rhonda Langley	674,580	1.26
10	Enbeear Pty Limited	636,829	1.19
11	Beta Gamma Pty Ltd	630,368	1.18
12	Mr Graeme Legge	598,690	1.12
13	Mrs Jean Kathleen Poole-Williamson	568,443	1.06
14	T N Phillips Investments Pty Ltd	550,000	1.03
15	BNP Paribas Nominees Pty Ltd	497,117	0.93
16	Jamina Investments Pty Ltd	441,258	0.82
17	Extra Edge Pty ltd	340,000	0.64
18	Capitol Securities Pty Ltd	314,987	0.59
19	Cranley Holdings Pty Limited	283,453	0.53
20	DDH Graham Limited	280,696	0.52
Total		35,510,870	66.33
Total issued share capital		53,538,563	

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/.

Consolidated Statement of Profit or Loss

For the year ended	Notes	31 July 2021 $'000	31 July 2020 $'000
Revenue			
Interest income		186	211
Equities		437	679
Private equities	5	449	131
Investment properties	16	17,686	15,819
Development properties		1,816	2,277
Revenue from the sale of goods (Surf Hardware International)		50,578	42,660
Total revenue		**71,152**	**61,777**
Other income			
Gains / (losses) on disposal or revaluation of:			
Private equities	14	2,515	990
Investment properties	16	156	1,156
Freehold properties		946	-
Derivatives		587	(290)
Other income		1,869	1,193
Total other income		**6,073**	**3,049**
Total revenue and other income		**77,225**	**64,826**
Expenses			
Investment properties	16	7,364	7,490
Development properties	15	1,168	1,541
Finished goods, raw materials and other operating expenses (Surf Hardware International)		44,439	40,637
Administration		4,142	1,644
Borrowing costs	5	3,410	4,716
Depreciation and amortisation		2,134	1,805
Employee benefits		487	1,499
Public company		458	450
Total expenses		**63,602**	**59,782**
Profit from continuing operations before income tax expense		**13,623**	**5,044**
Income tax expense	6	(3,241)	(297)
Profit from continuing operations		**10,382**	**4,747**
Profit from continuing operations is attributable to:			
Members of Gowing Bros. Limited		10,381	4,747
Non-controlling interests		1	-
Profit from continuing operations		**10,382**	**4,747**

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

Consolidated Statement of Other Comprehensive Income

For the year ended	Notes	31 July 2021 $'000	31 July 2020 $'000
Profit from continuing operations		**10,382**	**4,747**
Other comprehensive income			
Items that will be reclassified to profit or loss:			
Exchange rate differences on translating foreign operations, net of tax		(53)	(197)
Items that may be reclassified to profit or loss:			
Changes in fair value of equity instruments held at fair value through other comprehensive income, net of tax		4,703	(5,819)
Total comprehensive income / (loss)		**15,032**	**(1,269)**
Total comprehensive income / (loss) attributable to:			
Members of Gowing Bros. Limited		15,031	(1,269)
Non-controlling interests		1	-
Total comprehensive income / (loss)		**15,032**	**(1,269)**
Earnings per share			
Basic earnings per share	40	19.35c	8.82c
Diluted earnings per share	40	19.35c	8.82c

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

Consolidated Statement of Financial Position

As at	Notes	31 July 2021 $'000	31 July 2020 $'000
Current assets			
Cash and cash equivalents	7	30,813	18,599
Inventories	10	8,265	5,095
Trade and other receivables	8	6,562	7,412
Other	9	1,075	1,166
Total current assets		**46,715**	**32,272**
Non-current assets			
Other receivables	11	63	62
Loans receivable	12	850	2,700
Equities	13	43,087	32,265
Private equities	14	8,003	4,751
Development properties	15	18,950	16,117
Investment properties	16	203,595	202,442
Property, plant and equipment	17	1,551	8,504
Intangibles	18	3,916	4,485
Right of use assets	19	1,747	2,802
Deferred tax assets	20	2,386	3,610
Other	21	1,616	1,769
Total non-current assets		**285,764**	**279,507**
Total assets		**332,479**	**311,779**
Current liabilities			
Trade and other payables	22	6,368	5,042
Borrowings	23	1,115	1,824
Lease liabilities	24	997	1,030
Derivatives		-	1,439
Current tax liabilities	25	4,740	5,032
Provisions	26	3,222	1,402
Total current liabilities		**16,442**	**15,769**
Non-current liabilities			
Trade and other payables		108	169
Borrowings	27	94,309	84,386
Lease liabilities	28	974	1,970
Derivatives		-	2,878
Provisions	29	333	482
Deferred tax liabilities	30	25,163	22,050
Total non-current liabilities		**120,887**	**111,935**
Total liabilities		**137,329**	**127,704**
Net assets		**195,150**	**184,075**
Equity			
Contributed equity	31	12,693	12,895
Reserves	32	99,151	95,151
Retained profits		83,307	76,031
Contributed equity and reserves attributable to members of Gowings Bros. Limited		**195,151**	**184,077**
Non-controlling interests		(1)	(2)
Total equity		**195,150**	**184,075**

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

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

Consolidated Statement of Cash Flows

For the year ended	Notes	31 July 2021 $'000	31 July 2020 $'000
Cash flows from operating activities			
Receipts in the course of operations (inclusive of GST)		76,849	67,260
Payments to suppliers and employees (inclusive of GST)		(63,674)	(56,053)
Dividends received		886	679
Interest received		168	211
Borrowing costs paid		(3,410)	(4,716)
Income taxes (paid) / received		(1,385)	470
Net cash inflows from operating activities	**42**	**9,434**	**7,851**
Cash flows from investing activities			
Payments for purchases of properties, plant and equipment		(601)	(213)
Payments for purchases of intangibles		(31)	(210)
Payments for purchases of development properties		(3,994)	(1,817)
Payments for purchases of investment properties		(1,507)	(3,540)
Payments for purchases of equity investments		(5,494)	(5,086)
Payments for loans made		(550)	(300)
Proceeds from repayment of loans made		2,400	89
Proceeds from sale of properties, plant and equipment		8,000	10
Proceeds from sale of development properties		1,816	2,277
Proceeds from sale of equity investments		2,160	5,675
Proceeds from sale of investment properties		-	32,452
Net cash inflows from investing activities		**2,199**	**29,337**
Cash flows from financing activities			
Payments for share buy-backs		(202)	(393)
Proceeds from borrowings	43	10,000	6,000
Repayment of borrowings	43	(786)	(29,316)
Repayment of lease liabilities	43	(946)	(807)
Payment for termination of derivative		(3,730)	-
Dividends paid	33	(3,755)	(5,387)
Net cash inflows / (outflows) from financing activities		**581**	**(29,903)**
Net increase in cash and cash equivalents held		12,214	7,285
Cash and cash equivalents at the beginning of the financial year		18,599	11,314
Cash and cash equivalents at the end of the financial year	**7**	**30,813**	**18,599**

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.

New, revised or amending Accounting Standards and Interpretations adopted

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

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

Other amending Accounting Standards and Interpretations

Several other amending Accounting Standards and Interpretations apply for the first time for the current reporting period commencing 1 August 2020. These other 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 2021. 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 2021. 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 37.

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.

(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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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. 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.

(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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 expected 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 38.

(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.

(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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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:

	31 July 2021				31 July 2020			
Currency exposure in AUD	**USD $'000**	**EUR $'000**	**GBP $'000**	**JPY $'000**	**USD $'000**	**EUR $'000**	**GBP $'000**	**JPY $'000**
Cash and cash equivalents	7,380	235	41	538	1,519	432	19	355
Trade and other receivables	2,169	1,719	-	938	2,685	2,199	-	1,330
Trade and other payables	(586)	(288)	(44)	(492)	(506)	(331)	(16)	(627)
Borrowings	-	-	-	-	-	-	-	(76)
Lease liabilities	(1,207)	(150)	(21)	(275)	(1,659)	(240)	(28)	(411)
Equities	5,924	406	-	296	4,923	-	-	-
Private equities	1,424	3	-	-	1,248	50	-	-

Based on the cash held at 31 July 2021, if the Australian dollar weakened / strengthened by 10% against the US dollar, cash would have been $820,000 higher / $671,000 lower (2020: $170,000 higher / $139,000 lower). If the Australian dollar weakened / strengthened by 10% against the GBP, cash would have been $4,000 higher / $3,000 lower (2020: $2,000 higher / $2,000 lower). If the Australian dollar weakened / strengthened by 10% against the EUR, cash would have been $26,000 higher / $21,000 lower (2020: $48,000 higher / $39,000 lower). If the Australian dollar weakened / strengthened by 10% against the JPY, cash would have been $60,000 higher / $49,000 lower (2020: $39,000 higher / $32,000 lower).

Based on the trade receivables held at 31 July 2021, if the Australian dollar weakened / strengthened by 10% against the US dollar, receivables would have been $241,000 higher / $197,000 lower (2020: $298,000 higher / $244,000 lower). If the Australian dollar weakened/strengthened by 10% against the EUR, receivables would have been $191,000 higher / $156,000 lower (2020: $244,000 higher / $200,000 lower). If the Australian dollar weakened/strengthened by 10% against the JPY, receivables would have been $104,000 higher / $85,000 lower (2020: $148,000 higher / $121,000 lower).

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

Based on the trade payables held at 31 July 2021, if the Australian dollar weakened / strengthened by 10% against the US dollar, payables would have been $65,000 higher / $53,000 lower (2020: $56,000 higher / $46,000 lower). If the Australian dollar weakened/strengthened by 10% against the EUR, payables would have been $32,000 higher / $26,000 lower (2020 $37,000 higher / $30,000 lower). If the Australian dollar weakened/strengthened by 10% against the GBP, payables would have been $5,000 higher / $4,000 lower (2020: $2,000 higher/ $1,000 lower). If the Australian dollar weakened/strengthened by 10% against the JPY, payables would have been $55,000 higher / $45,000 lower (2020: $70,000 higher / $57,000 lower).

Based on the borrowings held at 31 July 2021, if the Australian dollar weakened / strengthened by 10% against the JPY, borrowings would have been $nil higher / $nil lower (2020: $8,000 higher / $7,000 lower).

Based on the lease liabilities held at 31 July 2021, if the Australian dollar weakened / strengthened by 10% against the US dollar, lease liabilities would have been $134,000 higher / $110,000 lower (2020: $184,000 higher / $151,000 lower). If the Australian dollar weakened/strengthened by 10% against the EUR, lease liabilities would have been $17,000 higher / $14,000 lower (2020: $27,000 higher/ $22,000 lower). If the Australian dollar weakened / strengthened by 10% against the GBP, lease liabilities would have been $2,000 higher / $2,000 lower (2020: $3,000 higher / $3,000 lower). If the Australian dollar weakened / strengthened by 10% against the JPY, lease liabilities would have been $31,000 higher / $25,000 lower (2020: $46,000 higher / $37,000 lower).

Based on the equities held at 31 July 2021, if the Australian dollar weakened / strengthened by 10% against the US dollar, equities would have been $658,000 higher / $539,000 lower (2020: $547,000 higher / $448,000 lower). If the Australian dollar weakened/strengthened by 10% against the EUR, equities would have been $45,000 higher / $37,000 lower (2020: $nil higher / $nil lower). If the Australian dollar weakened/strengthened by 10% against the JPY, equities would have been $33,000 higher / $27,000 lower (2020: $nil higher / $nil lower).

Based on the private equities held at 31 July 2021, if the Australian dollar weakened / strengthened by 10% against the US dollar, private equities would have been $158,000 higher / $129,000 lower (2020: $139,000 higher / $113,000 lower). If the Australian dollar weakened / strengthened by 10% against the Euro, private equities would have been $nil higher / $nil lower (2020: $6,000 higher / $5,000 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.

(ii) 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 $2,555,000 (2020: $1,851,000) and $5,109,000 (2020: $3,702,000) 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.

(iii) 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 and embedded derivative interest rate swap contracts in use:

	31 July 2021		31 July 2020	
	Weighted average interest rate	Balance $'000	Weighted average interest rate	Balance $'000
Borrowings	0.79%	95,424	0.87%	86,210
Interest rate swaps (notional principal amount)	0.00%	-	2.64%	(60,200)
Net exposure to cash flow interest rate risk		95,424		26,010

Please note during the year the Group terminated the embedded derivative interest rate swap contracts in place, refer to note 43.

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

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 2020	Less than 1 year $'000	Between 1-2 years $'000	Between 2-5 years $'000	Over 5 years $'000	Total contractual cash flow $'000
Non-derivatives					
Non-interest bearing	5,042	169	-	-	5,211
Fixed rate	1,030	1,053	917	-	3,000
Variable rate	1,824	76	84,310	-	86,210
Total non-derivatives	7,896	1,298	85,227	-	94,421
Derivatives					
Fixed rate	1,439	1,439	1,439	-	4,317

31 July 2021	Less than 1 year $'000	Between 1-2 years $'000	Between 2-5 years $'000	Over 5 years $'000	Total contractual cash flow $'000
Non-derivatives					
Non-interest bearing	6,368	108	-	-	6,476
Fixed rate	997	766	208	-	1,971
Variable rate	1,115	94,309	-	-	95,424
Total non-derivatives	8,480	95,183	208	-	103,871

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.

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

Fair value hierarchy (continued)

The following tables present the Group's assets and liabilities measured at fair value at 31 July 2020 and 31 July 2021.

31 July 2020	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets – designated at fair value through other comprehensive income				
Investments – Australian equities	11,419	-	15,923	27,342
Investments – Global equities	-	-	4,923	4,923
Financial assets – designated at fair value through profit or loss				
Investments – Private equities	-	-	4,751	4,751
Investments – Investment properties	-	-	202,442	202,442
Other assets – designated at fair value				
Freehold – Properties	-	-	7,061	7,061
Financial liabilities – designated at fair value through profit or loss				
Derivatives	-	(4,317)	-	(4,317)
Total	11,419	(4,317)	235,100	242,202

31 July 2021	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets – designated at fair value through other comprehensive income				
Investments – Australian equities	16,483	-	19,977	36,460
Investments – Global equities	1,704	-	4,923	6,627
Financial assets – designated at fair value through profit or loss				
Investments – Private equities	-	-	8,003	8,003
Investments – Investment properties	-	-	203,595	203,595
Total	18,187	-	236,498	254,685

There were transfers between level 1, level 2 and level 3 for recurring fair value measurements during the year.

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

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

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

Reconciliation of level 3 fair value movements	31 July 2021 $'000	31 July 2020 $'000
Opening balance	235,100	266,792
Transfers to level 1	(949)	-
Purchases	4,675	3,516
Sales	(7,107)	(33,871)
Amortisation and depreciation	(510)	(769)
Gain recognised in profit or loss or other comprehensive income	5,289	(568)
Closing balance	**236,498**	**235,100**

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

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Managed and Direct Private Equity

The 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 2021 was a gain of $2,515,000 (2020: a gain of $386,000) 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 gain of $156,000 (2020: loss of $959,000).

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

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

For the year ended	31 July 2021 $'000	31 July 2020 $'000
Revenue from external customers by geographical region		
Australia	33,216	29,157
United States of America	17,363	14,498
Japan	7,926	7,123
Europe	11,575	9,978
Total revenue from external customers	**70,080**	**60,756**

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

4. SEGMENT INFORMATION (CONTINUED)

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

As at	31 July 2021 $'000	31 July 2020 $'000
Non-current assets by geographical region		
Australia	274,760	269,328
United States of America	9,312	8,951
Japan	1,040	829
Europe	652	399
Total non-current assets	**285,764**	**279,507**

For the year ended	31 July 2021 $'000	31 July 2020 $'000
Payments for the acquisition of:		
- Investment properties	1,507	3,540
- Development properties	3,994	1,817
- Equities	5,494	5,086
Gains on disposal or revaluation of:		
- Investment properties	156	1,156
- Private equities	2,515	990
Unallocated:		
- Payments for the acquisition of property, plant and equipment	601	213
- Payments for the acquisition of intangibles	31	210

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.

4. SEGMENT INFORMATION (CONTINUED)

Accounting policies (continued)

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

Segment cash flows

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

5. OPERATING PROFIT

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

6. INCOME TAX EXPENSE

For the year ended	31 July 2021 $'000	31 July 2020 $'000
Current tax	1,181	5,038
Deferred tax	2,553	(3,722)
Over provided in prior years	(493)	(1,019)
	3,241	297
Income tax attributable to:		
Profit from continuing operations	3,241	297
Aggregate income tax expense on profit	3,241	297
Reconciliation of income tax expense to prima facie tax on profit		
Profit from continuing operations before income tax expense	13,623	5,044
Tax at the Australian tax rate of 30% (2020: 30%)	4,087	1,513
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-assessable income/ Non-deductible expenses	(30)	347
Franked dividends	(83)	(194)
Over provision in prior year	(493)	(1,019)
Deferred tax assets recorded not recognised and effect of tax rates in foreign jurisdictions	(240)	(350)
Income tax expense	3,241	297
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	2,016	(2,494)

7. CASH AND CASH EQUIVALENTS

As at	31 July 2021 $'000	31 July 2020 $'000
Cash at bank and on hand	30,813	18,599

8. CURRENT TRADE AND OTHER RECEIVABLES

Trade debtors	6,711	7,555
Less: expected credit losses	(149)	(143)
Balance at end of year	6,562	7,412

9. OTHER CURRENT ASSETS

Prepayments	1,075	1,166

10. CURRENT INVENTORIES

At cost or net realisable value		
Raw materials and finished goods	8,265	5,095
Balance at end of year	8,265	5,095

11. NON-CURRENT OTHER RECEIVABLES

Other receivables	63	62
Balance at end of year	63	62

12. NON-CURRENT LOAN RECEIVABLES

Loan receivables	850	2,700

Interest on loans are charged at commercial interest rates.

13. NON-CURRENT EQUITIES

At fair value through other comprehensive income		
Balance at beginning of year	32,265	40,021
Revaluation to fair value	6,718	(8,313)
Additions	6,491	4,814
Disposal proceeds	(2,387)	(4,257)
Balance at end of year	43,087	32,265

Changes in fair value of equities are recorded in equity.

14. NON-CURRENT PRIVATE EQUITIES

As at	31 July 2021 $'000	31 July 2020 $'000
At fair value through profit or loss		
Balance at beginning of year	4,751	4,907
Revaluation to fair value	2,515	386
Additions	783	272
Disposal proceeds	(46)	(1,418)
Net gain on disposal	-	604
Balance at end of year	8,003	4,751

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

15. NON-CURRENT DEVELOPMENT PROPERTIES

For the year ended	31 July 2021 $'000	31 July 2020 $'000
At cost or net realisable value		
Balance at beginning of year	16,117	16,164
Additions	3,994	1,494
Disposal proceeds	(1,816)	(2,277)
Net gain on disposal	648	736
Other	7	-
Balance at end of year	18,950	16,117

16. NON-CURRENT INVESTMENT PROPERTIES

For the year ended	31 July 2021 $'000	31 July 2020 $'000
At fair value		
Balance at beginning of year	202,442	232,016
Additions	1,507	2,447
Disposal proceeds	-	(32,452)
Net gain on disposal	-	2,115
Amortisation on incentives	(510)	(725)
Net gain / (loss) from fair value adjustment	156	(959)
Balance at end of year	203,595	202,442

Amounts recognised in profit of loss for investment properties		
Rental revenue	17,686	15,819
Direct operating expenses from rental generating properties	(7,364)	(7,490)
Net gain on disposal	-	2,115
Net gain / (loss) on revaluation	156	(959)
	10,478	9,485

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

16. NON-CURRENT INVESTMENT PROPERTIES (CONTINUED)

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

(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 2021 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 2021, a reduction of 0.5% in the capitalisation rate applied to each property would result in an additional gain of $17.724 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 $15.172 million in the consolidated statement of profit or loss and consolidated statement of other comprehensive income.

17. NON-CURRENT PROPERTY, PLANT AND EQUIPMENT

	Freehold Properties $'000	Motor vehicles $'000	Furniture, fittings & equipment $'000	Total $'000
Year ended 31 July 2020				
Opening net book amount	7,105	96	1,577	8,778
Additions	-	-	213	213
Disposals	-	(10)	-	(10)
Depreciation charge	(44)	(28)	(405)	(477)
Closing net book amount	7,061	58	1,385	8,504
At 31 July 2020				
Cost or fair value	7,566	394	7,991	15,951
Accumulated depreciation	(505)	(336)	(6,606)	(7,447)
Net book amount	7,061	58	1,385	8,504
Year ended 31 July 2021				
Opening net book amount	7,061	58	1,385	8,504
Additions	-	194	425	619
Disposals	(7,061)	-	(12)	(7,073)
Depreciation charge	-	(29)	(470)	(499)
Closing net book amount	-	223	1,328	1,551
At 31 July 2021				
Cost	-	584	8,352	8,936
Accumulated depreciation	-	(361)	(7,024)	(7,385)
Net book amount	-	223	1,328	1,551

Revaluation to fair value uplifts on property, plant and equipment are recorded in equity.

18. NON-CURRENT INTANGIBLES

As at	31 July 2021 $'000	31 July 2020 $'000
Goodwill	2,383	2,383
Brand names and patents	1,533	1,675
Software	-	427
Balance at end of year	3,916	4,485

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 goodwill, brand names and patents is determined 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 $26m. Key assumptions include: (a) 12.5% discount rate; (b) 3% - 4.5% 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.

19. NON-CURRENT RIGHT OF USE ASSETS

	Land and buildings $'000	Motor vehicles $'000	Equipment $'000	Total $'000
Year ended 31 July 2020				
Opening net book amount	3,438	-	-	3,438
Additions	118	80	34	232
Lease modifications	279	-	-	279
Foreign exchange movements	(80)	-	-	(80)
Depreciation charge	(1,029)	(31)	(7)	(1,067)
Closing net book amount	2,726	49	27	2,802
At 31 July 2020				
Cost	3,737	80	34	3,851
Accumulated depreciation	(1,011)	(31)	(7)	(1,049)
Net book amount	2,726	49	27	2,802
Year ended 31 July 2021				
Opening net book amount	2,726	49	27	2,802
Additions	-	-	53	53
Lease modifications	-	-	-	-
Foreign exchange movements	(69)	(2)	(2)	(73)
Depreciation charge	(997)	(28)	(10)	(1,035)
Closing net book amount	1,660	19	68	1,747
At 31 July 2021				
Cost	3,668	78	85	3,831
Accumulated depreciation	(2,008)	(59)	(17)	(2,084)
Net book amount	1,660	19	68	1,747

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.

20. DEFERRED TAX ASSETS

As at	31 July 2021 $'000	31 July 2020 $'000
The balance comprises temporary differences attributable to:		
Employee benefits	306	448
Accruals	1,021	485
Equities	6	6
Derivatives	-	1,295
Tax Losses	320	371
Other	733	1,005
Net deferred tax assets	2,386	3,610
Movements:		
Opening balance at 1 August	3,610	3,406
(Debited) / credited to profit or loss	(1,224)	204
Closing balance at 31 July	2,386	3,610
Deferred tax assets to be recovered within 12 months	1,222	1,246
Deferred tax assets to be recovered after 12 months	1,164	2,364
	2,386	3,610

21. OTHER NON-CURRENT ASSETS

Other assets	1,616	1,769

22. CURRENT TRADE AND OTHER PAYABLES

Trade creditors	3,378	1,874
Other creditors and accruals	2,990	3,168
Balance at end of year	6,368	5,042

23. CURRENT BORROWINGS

As at	31 July 2021 $'000	31 July 2020 $'000
Bills payable – secured	1,101	1,350
Market rate loan facility – secured	-	336
Commercial advance facility - secured	14	127
Other	-	11
Balance at end of year	1,115	1,824

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 27.

24. CURRENT LEASE LIABILTIES

As at	31 July 2021 $'000	31 July 2020 $'000
Lease liabilities	997	1,030

25. CURRENT TAX LIABILITIES

Income tax payable	4,740	5,032

26. CURRENT PROVISIONS

Employee entitlements	1,222	1,402
Provision for rental abatements and deferrals	2,000	-
Balance at end of year	3,222	1,402

27. NON-CURRENT BORROWINGS

As at	31 July 2021 $'000	31 July 2020 $'000
Bills payable - secured	94,309	84,310
Market rate loan facility - secured	-	76
Balance at the end of the year	94,309	84,386

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]	95,410	85,660
Market rate loan facility – secured	-	412
Commercial advance facility – secured[2]	14	127
Other	-	11
	95,424	86,210

[1]$1.101 m bill is secured against 328-332 Bong St, Bowral. Interest is charged at BBSY plus 1.5953% p.a.

[1]$94.309 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 2021). 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 2021 the current interest rate that applies to amounts advanced is 0.7752% p.a. The lender requires the Group and SC properties to meet certain financial ratios at 31 July 2021: the SC properties and the Group must have a minimum interest coverage ratio of 2.5 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%.

[2] $0.014 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 2021 the current interest rate that applies to amounts advanced is 7.02%.

As at	31 July 2021 $'000	31 July 2020 $'000

Financing arrangements

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

Total facilities		
Secured bill facilities	107,400	107,400
Secured commercial advance facility	2,000	2,000
Secured market rate loan facility	-	412
Other	-	11
	109,400	109,823
Used at balance date		
Secured bill facilities	95,410	85,660
Secured commercial advance facility	14	127
Secured market rate loan facility	-	412
Other	-	11
	95,424	86,210
Unused at balance date		
Secured bill facilities[1]	11,990	21,740
Secured commercial advance facility	1,986	1,873
Secured market rate loan facility	-	-
Other	-	-
	13,976	23,613

[1] As at 31 July 2021, $11.7m of the Group's secured bill facility was not available for draw down until independent valuations of the SC Properties were provided to the lender in accordance with the Group's borrowings conditions. During October 2021 the valuations were provided and access to the undrawn facility resumed.

Off-balance sheet

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

28. NON-CURRENT LEASE LIABILITIES

As at	31 July 2021 $'000	31 July 2020 $'000
Lease liabilities	974	1,970

29. NON-CURRENT PROVISIONS

Employee entitlements	333	482

30. DEFERRED TAX LIABILITIES

As at	31 July 2021 $'000	31 July 2020 $'000
The balance comprises temporary differences attributable to:		
Prepayments	149	100
Intangibles	315	315
Investment properties	19,802	18,326
Equities	4,393	1,691
Other	504	1,618
Net deferred tax liabilities	25,163	22,050
Movements:		
Opening balance at 1 August	22,050	29,022
Charged / (credited) to profit or loss	1,097	(4,478)
Charged / (credited) to equity	2,016	(2,494)
Closing balance at 31 July	25,163	22,050
Deferred tax liabilities to be settled within 12 months	149	128
Deferred tax liabilities to be settled after 12 months	25,014	21,922
	25,163	22,050

31. CONTRIBUTED EQUITY

	Number of shares 2021	Number of shares 2020	2021 $'000	2020 $'000
Share capital				
Ordinary shares fully paid	53,624,983	53,746,240	12,693	12,895

Movements in ordinary share capital – for the year ended 31 July 2021

Date	Details	Number of shares	Issue price per share	$'000
31/7/2020	Balance	53,746,240		12,895
15/10/2020	Share buy-back	(100,000)	$1.51	(151)
8/7/2021	Share buy-back	(21,257)	$2.38	(51)
		53,624,983		12,693

Movements in ordinary share capital – for the year ended 31 July 2020

Date	Details	Number of shares	Issue price per share	$'000
31/07/2019	Balance	53,939,195		13,288
23/10/2019	Share buy-back	(73,200)	$2.25	(165)
25/11/2019	Share buy-back	(10,000)	$2.28	(23)
28/11/2019	Share buy-back	(20,000)	$2.25	(45)
2/03/2020	Share buy-back	(35,000)	$2.20	(77)
25/06/2020	Share buy-back	(54,755)	$1.50	(83)
		53,746,240		12,895

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 2021.

Deferred Employee Share Plan

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

31. CONTRIBUTED EQUITY (CONTINUED)

Options

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

On-market share buy back

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

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.

32. RESERVES

	31 July 2021 $'000	31 July 2020 $'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	2,860	8,308
Fair value adjustments on equities		
- Equities	6,719	(8,313)
- Deferred tax applicable to fair value adjustments	(2,016)	2,494
- Transfer of losses on sale of equity instruments at fair value through comprehensive income to retained profits, net of tax	941	371
Closing balance	8,504	2,860
Asset revaluation reserve[3]		
Opening balance	1,591	1,591
Fair value adjustments on property, plant and equipment		
- Transfer of prior year revaluation increment to retained profits on the sale of freehold properties	(1,591)	-
Closing balance	-	1,591
Foreign currency translation reserve[4]		
Opening balance	197	394
Exchange differences on translation of foreign operations	(53)	(197)
Closing balance	144	197
Total reserves	99,151	95,151

[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 asset revaluation reserve is used to record increases and decreases in the fair value of property, plant and equipment recognised in other comprehensive income.
[4] The foreign currency translation reserve records exchange rate differences arising on translation differences on foreign controlled subsidiaries.

33. DIVIDENDS

	31 July 2021 $'000	31 July 2020 $'000
Ordinary shares		
2020 final dividend of 3.0 cents (2019: 5.0 cents final) per share	1,609	2,697
2021 interim dividend of 4.0 cents (2020: 5.0 cents interim) per share	2,146	2,690
Total dividends declared	3,755	5,387
Dividends paid in cash	3,755	5,387
Dividends paid via Dividend Reinvestment Plan	-	-
	3,755	5,387

Franked dividends declared and paid during the year were fully franked at the tax rate of 30% (2020: 30%).

Dividends declared after year end

Subsequent to year end the Directors have declared the payment of a final dividend of 4.0 cents per ordinary share fully franked based on tax paid at 30%. The dividend is payable on 29 October 2021 out of retained profits at 31 July 2021.

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 2021 and will be recognised in subsequent financial reports.

Franked dividends

The franked portions of the final dividends declared after 31 July 2021 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 2021.

Franking credits available for subsequent financial years (tax paid basis)	5,790	7,315

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 payable;
(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.

34. REMUNERATION OF AUDITORS

	31 July 2021 $	31 July 2020 $
Audit services – HLB Mann Judd		
Audit and review – parent entity and subsidiaries	148,100	194,100
Other services – HLB Mann Judd		
Tax services	50,200	35,330
	198,300	229,430
Audit services – unrelated firms		
Audit of subsidiary entities	52,600	-
	250,900	229,430

35. COMMITMENTS FOR EXPENDITURE

Capital commitments – Private equities

The Group has uncalled capital commitments of up to $932,000 (2020: $948,000) in relation to private equity and property fund investments held at year end.

Capital commitments – Development properties

The Group has capital commitments of $888,000 (2020: $348,000) in relation to construction works on development properties at year end.

36. 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 2020.

Remuneration

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

	31 July 2021 $	31 July 2020 $
Directors and other key management personnel		
Short-term employee benefits	522,563	744,593
Post-employment benefits	55,060	60,109
Long-term benefits	(43,205)	8,713
	534,418	813,415

Detailed remuneration disclosures can be found in the remuneration report on pages 20 to 23.

Movement in shares

Key management person	Shares held* at 31-Jul-19 No.	Shares acquired/ (disposed) during the year No.	Shares held* at 31-Jul-20 No.	Shares acquired/ (disposed) during the year No.	Shares held* at 31-Jul-21 No.
J. E. Gowing*	20,978,094	-	20,978,094	-	20,978,094
J. G. Parker	57,306	-	57,306	-	57,306
Prof. J. West	477,581	-	477,581	-	477,581
S. J. Clancy	5,000	-	5,000	-	5,000
J. E. Gowing (James)	64,504	-	64,504	-	64,504
R. Ambrogio	-	10,000	10,000	-	10,000

*Directly and indirectly

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

Receivables from Directors and Executives

At year end there were $nil receivables from the Directors and executives (2020: $nil).

Transactions with Key Management Personnel and Directors

Key management person	Transaction type	2021 $	2020 $
J. E. Gowing	Operational / marketing services	128,878	62,436
J. E. Gowing	Associate director services	913	10,950

The wife of Mr J E Gowing, Managing Director, is a Director of Creative License Pty Limited. Creative License Pty Limited provided marketing services totalling $53,590 for the year (2020: $3,800). The sons of Mr J E Gowing provided operational services during the year on an employment basis totalling $75,288 (2020: $58,636), and associate director services totalling $913 (2020: $10,950).

Other related party transactions

Key management person	Transaction type	2021 $	2020 $
J. E. Gowing	Donations – Whale Trust	480,139	34,244

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

37. INTERESTS IN OTHER ENTITIES (EXCLUDING JOINT VENTURES)

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

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

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

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

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

Significant Restrictions

Other than certain assets pledged as security detailed in note 27, there are no significant restrictions over the Group's ability to access or use assets, and settle liabilities, of the Group.

38. INTERESTS IN JOINT VENTURES

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

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

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

$1.101 million of borrowings is secured against investment properties of Regional Retail Properties (note 27).

39. 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 (2020: Nil).

40. EARNINGS PER SHARE

	31 July 2021	31 July 2020
Basic earnings per share (cents)	19.35c	8.82c
Diluted earnings per share (cents)	19.35c	8.82c
Weight average number of ordinary shares on issue	53,665,722	53,842,723
Net profit after tax	$10,382,000	$4,747,000

41. 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 2021 $'000	31 July 2020 $'000
Assets		
Current assets	28,065	15,647
Non-current assets	293,644	287,258
Total assets	321,709	302,905
Liabilities		
Current liabilities	11,097	10,267
Non-current liabilities	118,781	108,284
Total liabilities	129,878	118,551
Net assets	191,831	184,354
Equity		
Issued capital	12,693	12,895
Capital profits reserve	90,503	90,503
Long term investment revaluation reserve	8,504	2,860
Asset revaluation reserve	-	1,591
Retained profits	80,131	76,505
Total equity	191,831	184,354
Statement of Profit or Loss and other Comprehensive Income		
Net profit after income tax	6,731	1,916
Total comprehensive income / (loss)	4,703	(5,819)

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 35 (2020: Uncalled capital commitments for private equities and development properties as noted in note 35).

Parent entity contingent liabilities

The Company has nil contingent liabilities at year end (2020: 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 (2020: nil).

42. RECONCILIATION OF NET PROFIT TO NET CASH INFLOWS FROM OPERATING ACTIVITIES

	31 July 2021 $'000	31 July 2020 $'000
Profit from ordinary activities after income tax	10,382	4,747
Amortisation of lease incentives	510	725
Depreciation and amortisation	2,134	1,805
Net gain on sale of private equities	-	(604)
Net gain on sale of freehold property	(946)	-
Net gain on the sale of investment properties	-	(2,115)
Net gain on the sale of development properties	(648)	(736)
Revaluation of investment properties to fair value	(156)	959
Revaluation of private equities to fair value	(2,515)	(386)
Revaluation of derivatives to fair value	(587)	290
Decrease in receivables	692	1,891
Decrease in prepayments	246	615
(Increase) / decrease in inventories	(3,170)	1,443
Increase in income taxes	2,029	434
(Decrease) / increase in employee entitlements	(330)	7
Increase / (decrease) in trade creditors and accruals	1,793	(1,224)
Net cash inflows from operating activities	9,434	7,851

43. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

Liabilities from financing activates	Opening balance – 31 July 2020	Cash flows from financing activities	Gain on disposal	Lease Modifications	Closing balance – 31 July 2021
Derivatives[1]	4,317	(3,730)	(587)	-	-
Borrowings[2]	86,210	9,214[4]	-	-	95,424
Lease liabilities[3]	3,000	(946)	-	(83)	1,971

[1] Relates to current and non-current derivatives.
[2] Relates to current and non-current borrowings.
[3] Relates to current and non-current lease liabilities.

[4] Relates to the following cash flows from financing activities for the year ended 31 July 2021:

– Proceeds from borrowings	10,000
– Repayment of borrowings	(786)
	9,214

44. SUBSEQUENT EVENTS

The Group has announced a dividend since the end of the year which has been included in Note 33.

Cobram Estate Olives has listed on the ASX under the ticker CBO, the closing price on the 27 October 2021 was $2.00. The market valuation of the Group's shareholding is approximately $20.9 million.

Dice Molecules Holdings LLC has listed on the NASDAQ under the ticker DICE, the closing price on the 26 October was $31.50 USD. The market valuation of the Group's shareholding is approximately $8.1 million.

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

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

45. 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 25 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

      (ii) giving a true and fair view of the Group's financial position as at 31 July 2021 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 2021 required by section 295A of the Corporations Act 2001.

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

Professor J. West
Director

Huon Valley, TAS
28 October 2021

J. E. Gowing
Director

Coffs Harbour, NSW
28 October 2021

HLB MANN JUDD
ADVISORY AND ACCOUNTING

Auditor's Independence Declaration

To the directors of Gowing Bros. Limited:

As lead auditor for the audit of the consolidated financial report of Gowing Bros. Limited for the year ended 31 July 2021, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

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

This declaration is in relation to Gowing Bros. Limited and the entities it controlled during the period.

Sydney, NSW
28 October 2021

K L Luong
Partner

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HLB MANN JUDD
ADVISORY AND ACCOUNTING

Independent Auditor's Report to the Members of Gowing Bros. Limited

Opinion

We have audited the financial report of Gowing Bros. Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 July 2021, the consolidated statement of profit or loss, the consolidated statement of 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 the directors' declaration.

In our opinion, the accompanying financial report of Gowing Bros. Limited is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 July 2021 and of its financial performance for the year then ended; and

(b) 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 Company and 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* ("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.

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.

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Key Audit Matter	How our audit addressed the key audit matter
Valuation of subregional and neighbourhood shopping centre investment properties Note 16	
The aggregate fair value of the Group's subregional and neighbourhood shopping centre investment properties as at 31 July 2021 is $198.069 million, representing 59.6% of the Group's total assets as at that date. 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. We have identified the valuation of the Group's investment properties as a key audit matter because of the significance to the Group's consolidated financial statements and level of significant judgements and assumptions applied to determine fair value.	Our audit procedures to assess the valuation of investment properties included, but is not limited to: • 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 the mathematical accuracy of valuation calculations. • reviewing the Group's disclosures with reference to Australian Accounting Standards.
Valuation of Unlisted Equities Notes 2, 13 & 14	
At 31 July 2021 the Group owned investments of $32.904 million in a number of unlisted equities which have been included in the Group's consolidated statement of financial position. Management assess the value of these investments at least annually, using various valuation techniques, such as a recent arm's length transaction, reference to other instruments that are of a similar nature, and other market evidence. This is considered a key audit matter due to the significant judgment involved in assessing the valuation of these assets, as they are often traded in low volume markets.	Our audit procedures to assess the valuation of unlisted equities included, but is not limited to: • assessing the valuation methodology applied by management. • reviewing valuation inputs including evidence of recent arm's length transactions and agreeing these transactions to external sources. • reviewing market data and other financial information. • reviewing the Group's disclosures with reference to Australian Accounting Standards.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 July 2021, but does not include the financial report and our auditor's report thereon.

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

HLB MANN JUDD

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 Group 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 have 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 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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

HLB MANN JUDD

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 20 to 23 of the directors' report for the year ended 31 July 2021.

In our opinion, the Remuneration Report of Gowing Bros. Limited for the year ended 31 July 2021 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.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

K L Luong
Partner

Sydney, NSW
28 October 2021