

Gowings goes North



Gowings 154th ANNUAL REPORT

31 July 2022

GOWINGS GOES NORTH

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

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

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

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

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

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

Best
John Gowing
Great Grandson of The Founder

Corporate Directory

Directors

Professor Jonathan West (Chairman)
Mr. John Gowing (Managing Director)
Mr. Sean Clancy (Non-executive Director)
Mr. John Parker (Non-executive Director)

Associate Directors

Mr. James Gowing
Mr. Ellis Gowing

Secretary

Mr. Ian Morgan

Stock Exchange Listing

The Australian Securities Exchange
Ticker Code: GOW

Registered Office

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Managing Director's Review of Operations



As we have come to the end of our 154th year of trading and enter our 155th year, so much has changed, yet every little piece of certainty is replaced by a new challenge. Yesterday it was the Pandemic, mandates and lockdowns. Today sabre rattling, war on the continent, a return of systematic inflation and zealous central banks yielding their blunt higher interest rate weapon.

Hopefully we have seen the backend of the pandemic restrictions and most elements of everyday life are getting back to normal. How quickly inflation has taken hold, particularly with petrol and energy prices. Let us hope that wise Reserve Bank and Treasury Dept officials understand that inflation is caused by an excess of demand over supply. There are many intelligent fiscal actions that could be taken to free up supply and take the pressure off the Reserve Banks higher interest rate fixation.

Since the impact of the pandemic has begun to wane, especially the high level of enforced isolations and their associated record level of absenteeism. We have seen a rebound in foot traffic and trading, to pretty much pre-pandemic levels. Most of our retail leases have a percentage of turnover provision or an annual CPI uplift which to some extent should protect the underlying value of our shopping centres during the new period of inflation.

As advised in our interim report, in response to NSW Government's legislated retailer support package, Gowings as landlord

provided approx. \$450,000 support to our qualifying retailers. This rental abatement has been offset against the prudent \$2 million provision we made for ongoing pandemic relief in last year's annual accounts.

A highlight of the year's results was the realisation of several investments in our private equity portfolio. Notably the sale of our investment in EFT Sure held both directly by Gowings and in Our Innovation Fund, which netted Gowings a profit of \$2.4 million. Other realised gains during the year amounted to \$5.1 million.

Just prior to the year end, a binding contract was entered into by Murray Darling Ltd, to sell our farm Burrawang Station, and associated assets, including our very famous Burrawang Dorper Sheep Stud. For which we received a handsome return.

As reported in last year's annual report, two of our long-term unlisted investments went through an IPO process during the first half and listed on their respective local stock exchanges. The companies were Cobram Estate Ltd listed on the ASX, and Dice Molecules on the NASDAQ.

Post year end we entered into an agreement with our partner in our Bowral City Centre Arcade to sell our half share to them. The proceeds of this sale have since been received, I believe the timing of this sale was opportune and the return to Gowings has been solid.

On the negative side of the ledger, we took the difficult decision to sell our long-term position in Hexima at a loss, prior to the year end, because of the surprise very poor results received on their most recent clinical trials.

Gowings surf hardware international

Our wholly owned subsidiary Surf Hardware International (SHI) had a strong first half year, contributing approx. \$2 million to continuing Gowings Group earnings however although sales for the year were quite strong underlying gross and net profit for the

full year was impacted by wildly swinging exchange rate fluctuations in Japan and Europe, as the BOJ and EU did not keep up with the US Fed Reserve interest rate hikes, leading to significant devaluations in yen and the euro vs the US Dollar.

Sawtell commons

Stage 3 at Sawtell Commons is all but complete. There have been some continuing unavoidable delays due to consistent wet weather and some of the contracting team isolating due to Covid. We are in the process of releasing and reselling part of this next stage. The market in Coffs Harbour for residential land is quite strong, as there is virtually no land available apart from ours. It will be interesting to see how the market pans out, post change in Federal Govt, three interest rate rises and the commencement of construction of the Coffs Harbour Bypass.

Dividends

The Group will be declaring an interim 3c fully franked dividend, and a 1c special dividend supported by our private equity realisations during the year.

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

Outlook

'May you live in interesting times' is a Chinese curse that seems currently very pertinent. Uncertainty continues to prevail. We are fortunately in a relatively good space on the Mid North Coast of NSW, which has and continues to be a net beneficiary of the times.

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

Sustainability programme

Gowings has continued investigating and implementing sustainability initiatives across all areas of our business operations. Our goal is to have as light an impact on the environment as is realistically possible. Initiatives either commenced, under investigation or completed include;

- Kempsey Central rooftop solar system; **completed.**
- Coffs Central green waste composting system; **completed.**
- Port Central green waste composting system; **completed.**
- Comprehensive independent review of Gowings Mid North Coast operations with the goal of installing substantial solar and renewable energy micro grid; **draft report received and being reviewed.**
- Preliminary investigation for feasibility of installing a community geothermal system at Sawtell Commons which could provide up to 20% continuing energy savings annually for residents; **investigative drilling completed.**
- Independent report on best sustainable practices for packaging & product development at Gowings SHI; **underway.**

J. E. Gowing
Director

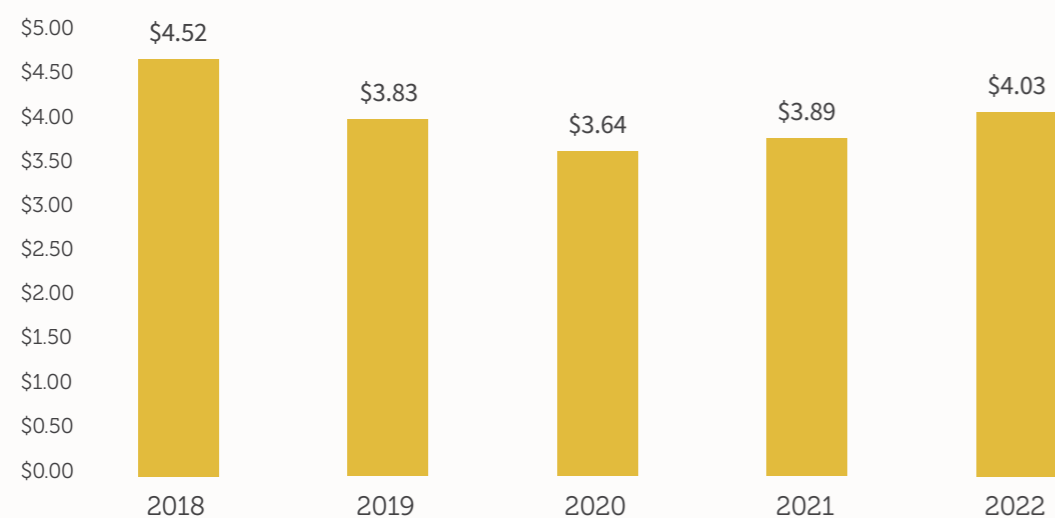
Kerikeri, New Zealand

Managing Director's Review of Operations

On behalf of the Board of Directors, I am pleased to comment on the results for the year ended 31 July 2022.

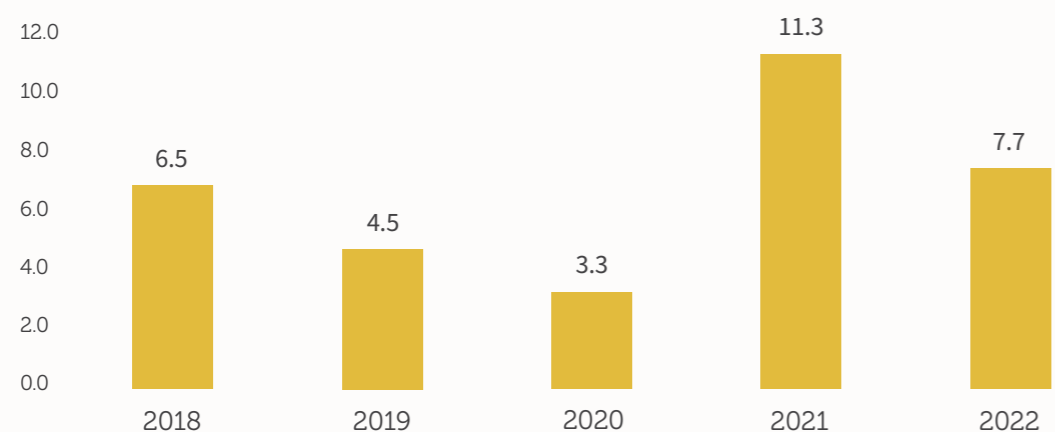
Financial Review

Net Assets per Share



Net assets per share before tax on unrealised gains on equities, investment properties and private equities increase to \$4.03 as at 31 July 2022. Total shareholder return was 5.7% including the increase in net assets per share and the 8.0c paid to Shareholders during the year.

Operational Profit (\$million)



The year ended 31 July 2022 resulted in operational profit of 7.7 million, which excludes revaluations of equities and properties which are non-cash items. The stable driver of profits were from the investment properties and Surf Hardware although down on last years record profits.

Dividends Declared per Share



The Company declared a total dividend of 8.0c in fully franked dividends for the 2022 year. The directors have suspended the dividend reinvestment plan for the final dividend declared to be paid on 28 October 2022.

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

Key Metrics

For the year ended	31 July 2022	31 July 2021	31 July 2020	31 July 2019	31 July 2018
Net Assets ¹	\$215.5m	\$208.6m	\$195.5m	\$206.8m	\$242.7m
Net Assets per Share ²	\$4.03	\$3.89	\$3.64	\$3.83	\$4.52
Net profit after tax	\$10.9m	\$10.4m	\$4.7m	(\$19.4)m	\$6.5m
Earnings per Share	20.42c	19.35c	8.82c	(36.07)c	12.18c
Dividends paid per Share	8.0c	7.0c	10.0c	11.0c	12.0c
Total Shareholder Return	5.7%	8.8%	(2.3%)	(12.8%)	4.7%

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

²Net 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 Director's Review of Operations

Profit and Loss Statement

For the year ended	31 July 2022 \$'000	31 July 2021 \$'000
Net Income from Ordinary Activities		
Interest Income	132	186
Investment Properties	7,926	7,094
Development Properties	-	648
Equities – Dividend Income	894	437
Managed Private Equities	100	449
Surf Hardware International	3,110	5,304
Total Net Income from Ordinary Activities	12,162	14,118
Head Office Expenses		
Administration, public company and other	4,481	2,786
Operational Profit	7,681	11,332
Gains / (losses) on sale or revaluation		
Investment Properties – Unrealised	1,250	156
Investment Properties – Realised	154	-
Freehold Properties – Realised	-	946
Managed Private Equity – Unrealised	(1,018)	2,515
Managed Private Equity – Realised	3,769	-
Derivatives (Fixed Interest Rate Hedge) - Realised	-	587
Other		
Other Costs	(23)	(2,456)
Other Income	2,051	543
Profit Before Tax	13,864	13,623
Income expense	(2,944)	(3,241)
Profit After Tax	10,920	10,382

Net Investment Property income of \$7.9 million represents a good result for the shopping centres and is underpinned by retailers performing and trading well over the period as well as the maintenance of our tenant base. Other income includes the reversal of the rent relief provision and is the driver of the increase.

Surf Hardware International net income of \$3.1 million is a 41% decrease on the previous year but it still should be noted that it is the Company's second-best year on record. Towards the end of 2022 significant headwinds relating to the global economy have impacted their results, further detailed in the commentary below.

Overall Total Net Income from Ordinary Activities of \$12.2 million represents a 14% decrease on the prior year primarily driven by Surf hardware International.

The unrealised gain on Investment Properties of \$1.25 million relates to the revaluation of Bong Bong to reflect the agreed sales price.

Private equity realisations during the period were significantly higher than the prior period, refer to page 10 for further detailed commentary.

Overall, the profit after tax was \$10.9 million compared to the previous year which was \$10.4 million.

Managing Director's Review of Operations

Gowings at a Glance (at Directors' Valuation)

	31 July 2022 \$'000	31 July 2021 \$'000
Strategic Investments		
Surf Hardware International (at cost)	16,000	16,000
Cobram Estates Olives	14,293	14,834
Carlton Investments	6,187	6,484
Murray Darling Food Company	3,500	2,304
Dice Molecules	2,882	2,157
Power Pollen Accelerated Ag Technologies	1,621	1,822
Three Valley Meats	950	1,331
NSX Limited	600	1,250
SYMBYX	600	950
EFTsure	599	885
Eratos	500	681
Australian Foundation Investments	464	600
Washington H Soul Pattison & Company Limited	439	403
Other Investments – Australia	12,119	8,532
Other Investments – International	1,978	1,704
Total	62,732	59,937
Private Equity Funds		
Our Innovation Fund I ²	2,265	3,740
OurCrowd Australia	1,181	1,424
Our Innovation Fund II	435	2,544
Skalata Fund II	300	175
Other Private Equity Funds	465	120
Total	4,646	8,003
Pacific Coast Shopping Centre Portfolio		
Sub-regional and Neighbourhood Shopping Centres	198,575	198,069
Borrowings	(94,310)	(94,309)
Total	104,265	103,760
Other Direct Properties		
Sawtell Commons - residential subdivision	17,809	12,480
Solitary 30 - Coffs Harbour development land	3,864	3,864
Other properties	15,282	8,132
Borrowings	(1,000)	(1,101)
Total	35,955	23,375
Cash and Other		
Cash (AUD)	7,673	21,919
Cash (USD)	4,388	7,087
Tax Liabilities	(13,304)	(14,021)
Surf Hardware International Consolidation Impact ¹	(4,517)	(1,310)
Other Assets and Liabilities	13,618	(103)
Total	7,858	13,572
Net assets before tax on unrealised gains, equities, investment and direct properties	215,456	208,647
Provision for tax on unrealised gains on equities, investment and direct properties	(13,513)	(13,497)
Net assets after tax on unrealised gains on equities, investment and direct properties	201,943	195,150

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

² During the year \$5.5 million dollars was realised in relation to private equities.

Managing Director's Review of Operations

Strategic Investments



Surf Hardware International (\$16 M)

Gowings Surf Hardware International (GSHI) delivered a strong result in FY22 generating sales of \$55.5 million, a 10% increase on the prior corresponding period. GSHI benefited from continued strong demand in all global markets but has been challenged from worldwide macro-economic factors, which have had an adverse impact on gross margins resulting in a lower profit for the year.

The business continues to have a key focus on driving the direct-to-consumer (DTC) ecommerce sales with a new community initiative, additional websites, and investment in resources. Ecommerce sales grew by 20% compared to the previous period.

During the period the business continued its contribution of 1% of sales to the Gowings Whale Trust to support ocean conservation and the preservation and restoration of our natural environment. The business also launched a new range of eco-blend products featuring plastic-free, bio-based materials

Australian Foundation Investments (\$0.4 M)

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

and recycled packaging. These initiatives will continue across many product categories as those products are updated.

Many other product initiatives commenced in FY22 including the investment in the Sovereign Manufacturing Automation for Composites CRC (SoMAC CRC), to build our manufacturing knowledge and capabilities, the commencement of fin production locally in both NZ and Australia and continued work with Auckland University of Technology.

Subsequent to year end, we are pleased to announce that the business successfully recruited a new CEO, Mr Tony Emerton, who brings his success and experience in the surf industry to the business.

Looking forward, we expect the global challenges to continue, although we are now well placed to benefit from the recently implemented price increases, improved international freight costs, inventory availability and a strong range of products.

Surf Lakes (\$0.3 M)

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



Cobram Estate Olives (\$14.3 M)

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

ARGO Investments (\$0.4 M)

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

Woodside (\$0.4 M)

Woodside Energy (WDS) is an Australian energy exploration and production company. Founded in 1954 and based in Perth they were the biggest independent company of their type in Australia. In 2021 Woodside merged with BHP Petroleum and their operational theatre is now global in nature. Along with a suite of quality gas and oil assets, good progress is being made on the hydrogen initiatives H2Perth and H2TAS in Australia and H2OK in North America. www.woodside.com



Carlton Investments (\$6.1 M)

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

Wholesale Investor (\$0.4 M)

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

SYMBYX (\$0.6 M)

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



Dice Therapeutics (\$2.8 M)

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

Treasury Wine Estates (\$0.4 M)

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

Washington H Soul Pattinson (\$0.4 M)

Washington H Soul Pattinson (WHSP) was incorporated in 1903 as a merger between Washington H Soul and Co and Pattinson and Co. The company began with the ownership and operation of pharmacies, but has evolved into a diversified investment company with uncorrelated investments and holdings in mining, agriculture, retail, property and listed equities. Listed for 116 years it is still governed by descendants of the founding family. www.whsp.com.au



Power Pollen (\$1.6 M)

Power Pollen is an American company based in Ames, Iowa who have developed a pollination capability that increases crop yields, specifically in corn and wheat. The process allows the producer to time their crop pollination, rather than rely on the variability of nature and to develop specific crop attributes to increase cropping yields. The technology can increase the ratio of female to male corn plants 3 fold and as the females are fruit bearing, crop yield is significantly increased. The company has received strong support from the local United States market with the Iowa Corn Growers Association an early equity investor. The technology has now been extended to corn grain production with market availability expected in 2026. www.powerpollen.com

EFTSure (\$0.6 M)

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

Early in 2022 the majority of EFTSure shares were sold to private equity group Level Equity. Gowings sold 80% of its shareholding for \$2.1 million dollars with the remaining 20% revalued upwards to reflect the pricing of the sale. www.get.eftsure.com.au

Managing Director's Review of Operations

Strategic Investments

Private Equities

Convertible Notes



Murray Darling Food Company

2,050,000 shares purchased for \$2,045,000, sold at year end for an estimated \$3,500,000 (subject to winding down costs) \$1,850,000 received.

The Murray Darling Food Company based near Condobolin, NSW, has a focus on producing world class lambs, ewes, and rams for meat production. Their signature breed the 'Burrawang Dorper' has been well received with the sale of a single prime ram for \$62,000.00, a record in sheep sale terms. Whilst Australian based the business sells and distributes semen and stock internationally.

At year end, the Murray Darling Food Company had entered into a scheme to sell all business assets and property as a going concern. To date Gowings have received initial proceeds of \$1,850,000 with an estimated additional \$1,650,000 to be received on transaction finalisation.

TPG Telecom Ltd (\$0.4 M)

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



OurCrowd Australia (\$1.18 M)

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

Our Innovation Fund I, II & III (\$2.8M)

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

Five V Capital (\$0.2M)

Although generally fully realised the Five V Fund deserves an honourable mention for contributions in the current year. In total the Group received \$3,514,000 as a result of the crystallisation of Universal Store, Education perfect and Probe. The investment in the Fund was a great success and holdings remaining include Plenti and Madman. www.fivevcapital.com



Tasmanian Oyster Company

400,000 shares purchased for \$400,000, value at year end \$400,000

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

Kempsey Central

External car park mural for the Gowings Whale Trust.



Managing Director's Review of Operations

Strategic Investments

Pacific Coast Shopping Centre Portfolio

Pandemic Recovery and the Underlying Resilience of Retail Sales

We are pleased to report that since the Omicron outbreak and lockdowns in late 2021 we have experienced a strong and steady rebound in retail sales and foot traffic across our three shopping centres for the remainder of the year and we expect this momentum to continue.

Retailer confidence continues to improve consistently across all retail categories and it is pleasing to see the steady rebound in the travel, health & beauty and the food & hospitality sectors that were hit particularly hard by the pandemic.

Despite a rising inflationary and interest rate environment, as well as international geopolitical tensions, we remain cautiously optimistic that the fundamentals of the Australian economy and retail sales will remain relatively strong over the foreseeable future.

Focus on Growing the Retail Portfolio

Despite the challenges we have faced during the pandemic, the Gowings centre management and leasing teams have been focussed on providing retailer support and growing the core retail portfolio through a strategic leasing and renewals programme focus which continues to gain momentum on a monthly basis.

Given the strong population growth and continued Govt infrastructure investment in the mid north coast region, our shopping centre portfolio is ideally placed to capitalise on this momentum. There has been a corresponding increase in leasing interest from national retailer groups looking for a foothold in our centres as they seek to benefit from these new opportunities.

During this retail recovery period we have been successful in securing a number of new high-quality operators as well as a number of strategic tenancy renewals.



Coffs Central

We are very proud to welcome the iconic Drifta Stockton Supastore into Coffs Central which is an exciting and innovative Australian owned 4wd, outdoors and camping retailer.

The leasing pipeline and enquiry levels are strong with three new lease deals currently being negotiated. Six retailers renewed during the year and over ten renewals are currently in progress and at varying levels of finalisation. The leasing team continues to take a highly selective approach to tenant mix with a focus on high quality operators with vibrant and experiential offers.

We are very excited to report that construction has now commenced on our innovative Gowings Shared Workspace facility which will further activate and support centre sales when it opens in the first half of 2023.

On the development side we were successful in achieving a number of important milestones during the year including approval for a separate strata title for the Gowings commercial tower as well as DA approval for a liquor license & bottle shop. We also continue to explore further development opportunities at Coffs Central including the DA approved hotel, rooftop apartments and office tower expansion.

Port Central

We are pleased to welcome The Sunglass Hut & Mister Minit to the centre and Port Central overall continues to trade relatively strongly. The leasing pipeline and enquiry levels are healthy with four new lease deals currently being negotiated, three retailers leases finalised and six retailer group renewals currently in progress at varying levels of finalisation.

We have made good progress on the design and feasibility of various capital upgrade initiatives to the centre during the year and we continue to focus on the redevelopment and retail mix and relocation opportunities to enhance the centre experience for our retailers and shoppers.

We are pleased to report that we have made good progress on the potential development options relating to our adjoining block of land site at 99 William St. into a vibrant mixed-use development connected to Port Central. Planning and feasibility work remains ongoing.

Other Properties

Sawtell Commons

Sawtell Commons Stage 3 is nearing completion and registration of the 56 individual lots is scheduled for the middle of October. Sales pricing has been set and 14 lots have already exchanged. A sales plan is in the process of being enacted as the lots come closer to completion. Work is underway to progress the 36 lots associated with Stage 4 with a forecast availability next financial year.

Solitary 30

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

Logie Farm and Pipers Brook

During the year, the Company purchased two properties in Tasmania with the view that agriculture in Tasmania is a viable long-term industry with demand for boutique and artisan Australian produce growing internationally and locally. The two properties are strategically located in the South and North of Tasmania respectively and present both agricultural and development opportunities. Updates will be provided as strategy and future plans develop.



Managing Director's Review of Operations

Sustainability Programme

UPDATE

As the world population continues to grow, the human race has a greater and more pronounced effect on our environment and climate. With the increase in extreme weather events such as droughts, fires and floods across the globe, along with predicted sea level rises, it is clear we need to respect nature and minimise our impact on the

environment. In Australia we are fortunate enough to be in a position to start the shift towards a zero emissions future with strong uptake in alternative energy sources and technologies.

Gowings continues to be committed to minimising our environmental impact. Our

goal is to become a net zero company as soon as feasibly possible. Gowings has a long history of being environmentally proactive with a range of initiatives including the Gowings Whale Trust established in 2001.



GOWINGS SURF HARDWARE INTERNATIONAL

Completed Initiatives

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

Future Plans

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

INVESTMENTS

Completed Initiatives

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

GOWINGS WHALE TRUST

Completed Initiatives

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

Future Plans

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

The Plastic Collective is a charity working predominantly in Asia and the Pacific and empowers local communities recycle

plastic waste. They provide the training and equipment to enable plastic to be recycled and reused and establish a community supporting profit generating enterprise.

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



SHOPPING CENTRES

Completed Initiatives

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

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

Future Plans

All centre lighting has been converted to LED and plans are underway to augment existing centre PV (solar) capacities with two 400kW rooftop solar systems installed at both Port and Coffs on a shade sails structure above the carparks and a further 99kW system installed at Kempsey. This will bring the combined total solar system output to 1,128kw, (this equates to the enough generated electricity to power 112 homes per annum).

Sizing was determined by the aforementioned independent report and should cover our

energy needs on a day-to-day basis (weather permitting), significantly reducing our energy consumption, carbon emissions, and reliance on the grid.

We are also exploring the possibility of each centre having an embedded network whereby retailers can purchase solar electricity from Gowings at favourable rates and we have applied for a NSW Government grant to install electric vehicle chargers at each centres.



LAND DEVELOPMENT

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

Completed Initiatives

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

Some preliminary geothermal work has taken place with 3 pilot sites drilled and thermally tested with initial findings positive. An independent engineer has been engaged to design a community wide system undertake a financial feasibility study.

Future Plans

Pending necessary government approvals and feasibility study outcomes we hope to

establish an estate wide geothermal system. Ideally this would be paired with resident solar panels and a community microgrid and battery so residents can sell energy to each other and to the grid as a block.

Gowings plan on retaining a number of lots to establish a build-to-rent initiative based on passive house designs.



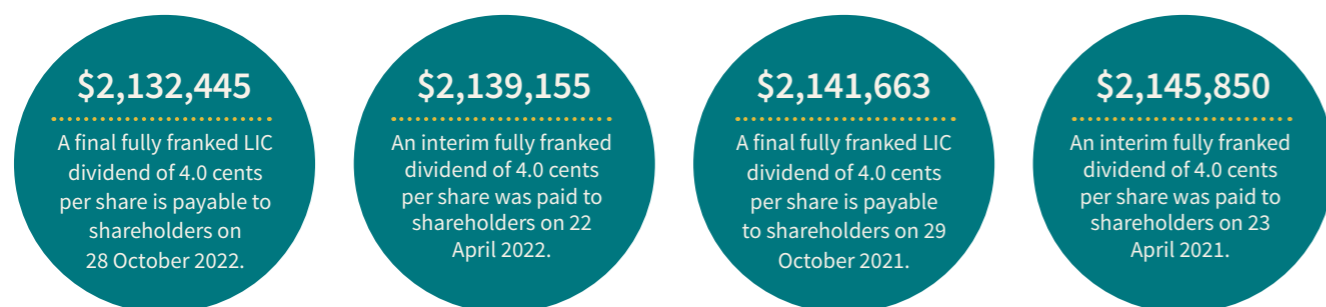
Directors' Report

Your Directors are pleased to present their report on the Company for the year ended 31 July 2022.

Results

For the year ended	31 July 2022 \$'000	31 July 2021 \$'000
Operating profit/(loss) for the year before income tax	13,864	13,623
Income tax benefit/(expense)	(2,944)	(3,241)
Net profit after income tax	10,920	10,382
Net profit attributable to members of Gowing Bros. Limited	10,915	10,381

Dividends



Review of Operations

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

Environment

The Company is committed to a policy of environmental responsibility in all 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 2.

Directors' and Executives' Interests

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

		Total Shares
Professor J. West Non-Executive Chairman	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.	434,730
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.	20,990,202
J. G. Parker Non-Executive Director	Director since 2002 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 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	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

Meetings of Directors

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

	Board Meetings		Audit Committee Meetings		Remuneration Committee Meetings	
	Meetings Eligible to attend	Attended	Meetings Eligible to attend	Attended	Meetings Eligible to attend	Attended
Prof J. West	3	3	1	1	-	-
J. E. Gowing	3	3	-	-	1	1
J. G. Parker	3	3	1	1	-	-
S. J. Clancy	3	3	1	1	1	1

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 2022, meetings were held in person, by telephone and by email. Where necessary, circular resolutions were also approved.

Remuneration Report

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

Corporate Governance

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

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 62.

Shares Under Option

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

Indemnification and Insurance of Directors and Officers

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

Indemnification and insurance of Auditor

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

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

Non-Audit Services

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

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

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

Audit and Non-Audit Services

During the year the following fees were paid or payable for services provided by William Buck (2021: HLB Mann Judd) the auditor of the company.

	31 July 2022 \$	31 July 2021 \$
Audit services – William Buck		
Audit and review – group	120,800	-
Audit and review – controlled entities	47,200	52,600
Audit services – HLB Mann Judd		
Audit and review – group	-	139,600
Audit and review – controlled entities	-	8,500
Other services – William Buck		
Financial review	73,500	-
Other services – HLB Mann Judd		
Tax services	-	50,200
	241,500	250,900

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
26 October 2022



J. E. Gowing
Director

Kerikeri, New Zealand
26 October 2022

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 2022 were:

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

Directors' fees

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

There is no scheme to provide retirement benefits to Non-executive Directors outside of statutory superannuation.

Executives

Executives are officers of the Company who are involved in, concerned with, take part in and are able to influence decisions in the management of the affairs of the Company. Persons who were executives for all or part of the financial year ended 31 July 2022 were:

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

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

The incentive element is awarded at the discretion of the Remuneration Committee and approved by the Board on the basis of recommendations from the 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.

Remuneration Report

Details of Remuneration

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

2022	Cash salary and fees	Cash bonus	Movement in provision for annual leave	Non-monetary benefits	Share based \$	Post-employment \$	Long term \$	Total \$
					Share bonus	Superannuation	Movement in provision for long service leave	
Non-executive Directors								
Prof. J. West (Chairman)	94,941	-	-	-	-	9,534	-	104,475
J. G. Parker	52,121	-	-	-	-	11,879	-	64,000
S. J. Clancy	43,620	-	-	-	-	4,380	-	48,000
	190,682	-	-	-	-	25,793	-	216,475
Executive Directors								
J. E. Gowing	163,575	-	12,211	-	-	16,425	2,511	194,722
Other key management personnel								
J. E. Gowing (James) ¹	119,272	-	5,961	-	-	11,978	2,194	139,405
Total key management personnel compensation	473,529	-	18,172	-	-	54,196	4,705	550,602

2021	Cash salary and fees	Cash bonus	Movement in provision for annual leave	Non-monetary benefits	Share based \$	Post-employment \$	Long term \$	Total \$
					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

¹J.E. Gowing (James) was appointed as Associate Director – Finance and Joint Company Secretary on 1 October 2020.

²R. Ambrogio resigned from his position as CFO and Joint Company Secretary on 30 November 2020.

Remuneration Report

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

	Fixed		Performance	
	2022 (%)	2021 (%)	2022 (%)	2021 (%)
Executive Directors				
J. E. Gowing	100	100	-	-
Other key management personnel				
J.E. Gowing (James)	100	100	-	-
R. Ambrogio	-	100	-	-

Service Agreements

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

Remuneration and other terms of employment for the 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 2022 of \$180,000, to be reviewed annually by the Remuneration Committee.
- No termination benefit is payable.

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

- No fixed term.
- Base salary, inclusive of superannuation, as at 31 July 2022 of \$135,000, to be reviewed annually by the Remuneration Committee.
- No termination benefit is payable.

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

Additional Information

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

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

The Company Employee Share & Option Scheme and Deferred Employee Share Plan Scheme may be utilised as a part of the award of any incentive payment for all employees which in turn assists in aligning the interests of employees with the long term performance of the Company.

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

	2022	2021	2020	2019	2018
Net Profit/(loss) after tax	\$10.9m	\$10.4m	\$4.7m	(\$19.4)m	\$6.5m
Basic and diluted earnings/(loss) per share	20.42c	19.35c	8.82c	(36.07)c	12.18c
Dividends per share declared	8.0c	8.0c	8.0c	10.0c	12.0c
Share buy back – number of shares	314k	121k	193k	-	47k
Share buy back – value	\$912k	\$202k	\$393k	-	\$135k
Share price at financial year end	\$2.77	\$2.74	\$1.34	\$2.45	\$2.89

ASX Listing Requirements

1. Shareholders at 14 October 2022

Range of shares	No. of shareholders
1 – 1,000 shares	362
1,001 – 5,000 shares	417
5,001 – 10,000 shares	166
10,001 – 100,000 shares	340
Over 100,000 shares	54
Total shareholders	1,339

The number of shareholdings held in less than marketable parcels is 143.

2. Voting Rights

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

3. Substantial Shareholders at 14 October 2022

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

John Edward Gowing	21,054,706	Ordinary shares
Carlton Hotel Limited	4,701,144	Ordinary shares

4. Top 20 Equity Security Holders at 14 October 2022

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	29.47
2 Carlton Hotel Limited	4,701,144	8.82
3 Mr John Edward Gowing	3,676,709	6.90
4 Mr John Gowing	1,187,189	2.23
5 Mr Frederick Bruce Wareham	1,152,358	2.16
6 Ace Property Holdings Pty Ltd	1,100,000	2.06
7 Charles and Cornelia Goode Foundation Pty Ltd	1,100,000	2.06
8 J P Morgan Nominees Australia Pty Limited	1,008,925	1.89
9 Mr Ronald Langley & Mrs Rhonda Langley	660,580	1.24
10 Enbear Pty Limited	636,829	1.19
11 Mr Graeme Legge	633,000	1.19
12 Beta Gamma Pty Ltd	630,368	1.18
13 Mrs Jean Kathleen Poole-Williamson	568,443	1.07
14 T N Phillips Investments Pty Ltd	550,000	1.03
15 Jamina Investments Pty Ltd	441,258	0.83
16 Mr Philip Anthony Feitelson	435,000	0.82
17 BNP Paribas Nominees Pty Ltd	424,970	0.80
18 DDH Graham Limited	373,586	0.70
19 Capitol Securities Pty Ltd	353,987	0.66
20 Extra Edge Pty Ltd	345,500	0.65
Total	35,690,997	66.95
Total issued share capital	53,311,125	

5. Corporate Governance Practices

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

Financial Report



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The consolidated financial statements were authorised for issue by the Directors on 26 October 2022. The Directors have the power to amend and reissue the consolidated financial statements.

Consolidated Statement of Profit or Loss

For the year ended	Notes	31 July 2022 \$'000	31 July 2021 \$'000
Revenue			
Interest income		132	186
Equities		894	437
Private equities	5	100	449
Investment properties	16	17,606	17,686
Development properties		-	1,816
Revenue from the sale of goods (Surf Hardware International)		55,507	50,578
Total revenue		74,239	71,152
Other income			
Gains / (losses) on disposal or revaluation of:			
Private equities	14	2,751	2,515
Investment properties	16	1,404	156
Freehold properties		-	946
Derivatives		-	587
Other income		3,732	1,869
Total other income		7,887	6,073
Total revenue and other income		82,126	77,225
Expenses			
Investment properties	16	7,020	7,364
Development properties	15	-	1,168
Finished goods, raw materials and other operating expenses (Surf Hardware International)		52,355	44,439
Administration		2,550	4,142
Borrowing costs	5	2,833	3,410
Depreciation and amortisation		1,721	2,134
Employee benefits		1,322	487
Public company		461	458
Total expenses		68,262	63,602
Profit from continuing operations before income tax expense		13,864	13,623
Income tax expense	6	(2,944)	(3,241)
Profit from continuing operations		10,920	10,382
Profit from continuing operations is attributable to:			
Members of Gowing Bros. Limited		10,915	10,381
Non-controlling interests		5	1
Profit from continuing operations		10,920	10,382

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 2022 \$'000	31 July 2021 \$'000
Profit from continuing operations		10,920	10,382
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange rate differences on translating foreign operations, net of tax		72	(53)
Items that will not be reclassified subsequently to profit or loss:			
Changes in fair value of equity instruments held at fair value through other comprehensive income, net of tax		994	4,703
Total comprehensive income		11,986	15,032
<i>Total comprehensive income attributable to:</i>			
Members of Gowing Bros. Limited		11,981	15,031
Non-controlling interests		5	1
Total comprehensive income		11,986	15,032
Earnings per share			
Basic earnings per share	40	20.42c	19.35c
Diluted earnings per share	40	20.42c	19.35c

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 2022 \$'000	31 July 2021 \$'000
Current assets			
Cash and cash equivalents	7	13,713	30,813
Inventories	11	12,940	8,265
Trade and other receivables	9	6,814	6,562
Other	10	1,190	1,075
Total current assets		34,657	46,715
Non-current assets			
Other receivables	11	-	63
Loans receivable	12	925	850
Equities	13	45,808	43,087
Private equities	14	4,646	8,003
Development properties	15	30,206	18,950
Investment properties	16	205,324	203,595
Property, plant and equipment	17	4,409	1,551
Intangibles	18	3,758	3,916
Right of use assets	19	1,713	1,747
Deferred tax assets	20	1,701	2,386
Other	21	3,049	1,616
Total non-current assets		301,539	285,764
Total assets		336,196	332,479
Current liabilities			
Trade and other payables	22	5,116	6,368
Borrowings	23	2,851	1,115
Lease liabilities	24	1,346	997
Current tax liabilities	25	2,010	4,740
Provisions	26	1,207	3,222
Total current liabilities		12,530	16,442
Non-current liabilities			
Trade and other payables		52	108
Borrowings	27	94,310	94,309
Lease liabilities	28	532	974
Provisions	29	321	333
Deferred tax liabilities	30	26,508	25,163
Total non-current liabilities		121,723	120,887
Total liabilities		134,253	137,329
Net assets		201,943	195,150
Equity			
Contributed equity	31	11,781	12,693
Reserves	32	100,309	99,151
Retained profits		89,849	83,307
Contributed equity and reserves attributable to members of Gowing Bros. Limited		201,939	195,151
Non-controlling interests		4	(1)
Total equity		201,943	195,150

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

Consolidated Statement of Changes in Equity

For the year ended	Contributed Equity \$'000	Capital Profits Reserve-Pre CGT Profits \$'000	Revaluation Reserves \$'000	Foreign Currency Reserve \$'000	Retained Profits \$'000	Non-Controlling Interests \$'000	Total \$'000
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
Total comprehensive income / (loss) for the year	-	-	994	72	10,915	5	11,986
Transfer of gains on disposal of equity instruments at fair value through comprehensive income to retained earnings, net of tax	-	-	92	-	(92)	-	-
Transactions with owners in their capacity as owners:							
Share buy-back	(912)	-	-	-	-	-	(912)
Dividends declared	-	-	-	-	(4,281)	-	(4,281)
Balance at 31 July 2022	11,781	90,503	9,590	216	89,849	4	201,943

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 2022 \$'000	31 July 2021 \$'000
Cash flows from operating activities			
Receipts in the course of operations (inclusive of GST)		81,636	76,849
Payments to suppliers and employees (inclusive of GST)		(76,417)	(63,674)
Dividends received		994	886
Interest received		95	168
Borrowing costs paid		(2,833)	(3,410)
Income taxes paid		(4,071)	(1,385)
Net cash (outflows) / inflows from operating activities	42	(596)	9,434
Cash flows from investing activities			
Payments for purchases of properties, plant and equipment		(3,368)	(601)
Payments for purchases of intangibles		(21)	(31)
Payments for purchases of development properties		(11,256)	(3,994)
Payments for purchases of investment properties		(1,054)	(1,507)
Payments for purchases of equity investments		(11,970)	(5,494)
Payments for loans made		(375)	(550)
Proceeds from repayment of loans made		-	2,400
Proceeds from sale of properties, plant and equipment		-	8,000
Proceeds from sale of development properties		-	1,816
Proceeds from sale of equity investments		15,687	2,160
Proceeds from sale of investment properties		400	-
Net cash (outflows) / inflows from investing activities		(11,957)	2,199
Cash flows from financing activities			
Payments for share buy-backs		(912)	(202)
Proceeds from borrowings	43	1,837	10,000
Repayment of borrowings	43	(100)	(786)
Repayment of lease liabilities	43	(1,091)	(946)
Payment for termination of derivative		-	(3,730)
Dividends paid	33	(4,281)	(3,755)
Net cash (outflows) / inflows from financing activities		(4,547)	581
Net (decrease) / increase in cash and cash equivalents held		(17,100)	12,214
Cash and cash equivalents at the beginning of the financial year		30,813	18,599
Cash and cash equivalents at the end of the financial year	7	13,713	30,813

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

Notes To The Consolidated Financial Statements

1. Summary Of Significant Accounting Policies

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

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

(a) Basis of preparation

These general purpose consolidated financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Compliance with IFRS

The consolidated financial statements comply with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

Historical cost convention

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

Critical accounting estimates

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

Comparative information

Information has been reclassified where applicable to enhance comparability.

Amending Accounting Standards and Interpretations

Several amending Accounting Standards and Interpretations apply for the first time for the current reporting period commencing 1 August 2021. These amending Accounting Standards and Interpretations did not result in any adjustments to the amounts recognised or disclosures in the financial report.

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

Certain new Australian Accounting Standards and Interpretations have been recently published that are not yet mandatory for the reporting period ended 31 July 2022. The Group’s assessment is that these new Australian Accounting Standards and Interpretations are not expected to have a material impact on the Group in future reporting periods.

(b) Principles of Consolidation

The consolidated financial statements incorporate all the assets, liabilities and results of the Company and all the subsidiary companies and other interests it controlled during the year ended 31 July 2022. 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.

1. Summary Of Significant Accounting Policies (Continued)

(c) Business combinations

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

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

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

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

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

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

(d) Goodwill

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

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

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

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

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

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

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

Goodwill on acquisitions of subsidiaries is included in intangible assets.

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

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

1. Summary Of Significant Accounting Policies (Continued)

(e) Segment reporting

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

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

(f) Foreign currency translation

(i) Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (“functional currency”). The consolidated financial statements are presented in Australian dollars, which is the Group’s functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Translation differences on private equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on equities are recognised in equity.

(iii) Foreign Operations

The financial results and position of foreign operations, whose functional currency is different from the Group’s presentation currency, are translated as follows:

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

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

(g) Income tax

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

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

(h) Impairment of non-financial assets

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

(i) Property, plant and equipment

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

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

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

1. Summary Of Significant Accounting Policies (Continued)

(j) Right of use assets

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

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

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

(k) Inventories

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

(l) Intangibles Other than Goodwill

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

(i) Patents

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

(ii) Brand names

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

(m) Revenue recognition

Revenue is recognised for the major business activities as follows:

- Equities*
Dividend income is recognised when received. Revenue from the sale of investments is recognised at trade date.
- Property rental*
Rental income is recognised in accordance with the underlying rental agreements.
- Land development and sale*
Revenue is recognised on settlement.
- 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.
- Other investment revenue*
Trust income and option income is recognised when earned.
- Other property revenue*
Other property revenue is recognised in accordance with underlying agreements or when the right to receive payment is established.
- Interest revenue*
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(n) Trade and other receivables

Receivables consists mainly of amounts due for rental income and sale of goods. Receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Amounts are usually due between seven and ninety days from invoice date. Amounts due for the sale of financial assets and properties are usually due on settlement unless the specific contract provides for extended terms.

1. Summary Of Significant Accounting Policies (Continued)

(o) Investments and other financial assets

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

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

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

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

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

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

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

(iii) Impairment of financial assets

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

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

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

(p) Investment properties

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

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

(q) Joint ventures

Jointly controlled assets

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

1. Summary Of Significant Accounting Policies (Continued)

(t) Dividends

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

(u) Employee entitlements

(i) Wages, salaries and annual leave

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

(ii) Long service leave

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

(v) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred except where they are included in the costs of qualifying assets. Only borrowing costs relating specifically to the qualifying asset are capitalised. Borrowing costs include interest on bank overdrafts and short-term and long-term borrowings, including amounts paid or received on interest rate swaps.

(w) Cash and cash equivalents

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

(x) Lease liabilities

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

any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

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

(y) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after tax effect of the interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(z) Rounding of amounts

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

2. Financial Risk Management

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

Market risk

(i) Foreign exchange risk

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

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

Currency exposure in AUD	31st July 2022				31st July 2021			
	USD \$'000	EUR \$'000	GBP \$'000	JPY \$'000	USD \$'000	EUR \$'000	GBP \$'000	JPY \$'000
Cash and cash equivalents	4,572	156	60	712	7,380	235	41	538
Trade and other receivables	2,310	2,084	-	740	2,169	1,719	-	938
Trade and other payables	(476)	(290)	(48)	(269)	(586)	(288)	(44)	(492)
Lease liabilities	(784)	(613)	(25)	(141)	(1,207)	(150)	(21)	(275)
Equities	6,278	346	-	259	5,924	406	-	296
Private equities	1,252	-	-	-	1,424	3	-	-

Based on the cash held at 31 July 2022, if the Australian dollar weakened / strengthened by 10% against the US dollar, cash would have been \$508,000 higher / \$416,000 lower (2021: \$820,000 higher / \$671,000 lower). If the Australian dollar weakened / strengthened by 10% against the GBP, cash would have been \$7,000 higher / \$5,000 lower (2021: \$4,000 higher / \$3,000 lower). If the Australian dollar weakened / strengthened by 10% against the EUR, cash would have been \$17,000 higher / \$14,000 lower (2021: \$26,000 higher / \$21,000 lower). If the Australian dollar weakened / strengthened by 10% against the JPY, cash would have been \$79,000 higher / \$65,000 lower (2021: \$60,000 higher / \$49,000 lower).

Based on the trade receivables held at 31 July 2022, if the Australian dollar weakened / strengthened by 10% against the US dollar, receivables would have been \$257,000 higher / \$210,000 lower (2021: \$241,000 higher / \$197,000 lower). If the Australian dollar weakened/strengthened by 10% against the EUR, receivables would have been \$232,000 higher / \$189,000 lower (2021: \$191,000 higher / \$156,000 lower). If the Australian dollar weakened/strengthened by 10% against the JPY, receivables would have been \$82,000 higher / \$67,000 lower (2021: \$104,000 higher / \$85,000 lower).

Based on the trade payables held at 31 July 2022, if the Australian dollar weakened / strengthened by 10% against the US dollar, payables would have been \$53,000 higher / \$43,000 lower (2021: \$65,000 higher / \$53,000 lower). If the Australian dollar weakened/strengthened by 10% against the EUR, payables would have been \$32,000 higher / \$26,000 lower (2021: \$32,000 higher / \$26,000 lower). If the Australian dollar weakened/strengthened by 10% against the GBP, payables would have been \$5,000 higher / \$4,000 lower (2021: \$5,000 higher / \$4,000 lower). If the Australian dollar weakened/strengthened by 10% against the JPY, payables would have been \$30,000 higher / \$24,000 lower (2021: \$55,000 higher / \$45,000 lower).

Based on the lease liabilities held at 31 July 2022, if the Australian dollar weakened / strengthened by 10% against the US dollar, lease liabilities would have been \$87,000 higher / \$71,000 lower (2021: \$134,000 higher / \$110,000 lower). If the Australian dollar weakened/strengthened by 10% against the EUR, lease liabilities would have been \$68,000 higher / \$56,000 lower (2021: \$17,000 higher / \$14,000 lower). If the Australian dollar weakened / strengthened by 10% against the GBP, lease liabilities would have been \$3,000 higher / \$2,000 lower (2021: \$2,000 higher / \$2,000 lower). If the Australian dollar weakened / strengthened by 10% against the JPY, lease liabilities would have been \$16,000 higher / \$13,000 lower (2021: \$31,000 higher / \$25,000 lower).

Based on the equities held at 31 July 2022, if the Australian dollar weakened / strengthened by 10% against the US dollar, equities would have been \$698,000 higher / \$571,000 lower (2021: \$658,000 higher / \$539,000 lower). If the Australian dollar weakened/strengthened by 10% against the EUR, equities would have been \$38,000 higher / \$31,000 lower (2021: \$45,000 higher / \$37,000 lower). If the Australian dollar weakened / strengthened by 10% against the JPY, equities would have been \$29,000 higher / \$24,000 lower (2021: 33,000 higher / \$27,000 lower).

2. Financial Risk Management (Continued)

Based on the private equities held at 31 July 2022, if the Australian dollar weakened / strengthened by 10% against the US dollar, private equities would have been \$139,000 higher / \$114,000 lower (2021: \$158,000 higher / \$129,000 lower).

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

(i) Price risk

The Group is exposed to asset price risk. This arises from equities and private equities held by the Group. A price reduction at 5% and 10% spread equally over the investment portfolio would reduce its value by \$2,523,000 (2021: \$2,555,000) and \$5,045,000 (2021: \$5,109,000) respectively.

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

(ii) Interest rate risk

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

As at the reporting date, the Group had the following variable rate borrowings:

	Weighted average interest rate	31st July 2022 Balance \$'000	Weighted average interest rate	31st July 2021 Balance \$'000
Borrowings	0.83%	97,161	0.79%	95,424
Net exposure to cash flow interest rate risk		97,161		95,424

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 2021	Less than 1 year	Between 1-2 years	Between 2-5 years	Over 5 years	Total contractual cash flow
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

2. Financial Risk Management (Continued)

Maturity of Financial Liabilities (continued)

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

Fair value estimation risk

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

Fair value hierarchy

The Group measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly or indirectly.
Level 3: unobservable inputs for the assets or liability.

The following tables present the Group's assets measured and recognised on a recurring basis at fair value at 31 July 2021 and 31 July 2022. The Group does not have any liabilities measured at fair value at either reporting date.

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 values 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

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

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

Fair values of financial instruments not recognised at fair value

The Group has a number of financial instruments which are not measured at fair value at 31 July 2022. The carrying amounts of cash and cash equivalents, current trade and other receivables, current trade and other payables, current borrowings and current lease liabilities are assumed to approximate their fair value due to their short-term nature. The carrying amounts of non-current trade and other payables, borrowings and lease liabilities approximate their fair value as the impact of discounting is not significant.

2. Financial Risk Management (Continued)

Fair value hierarchy (continued)

Valuation techniques used to determine fair values

Specific valuation techniques used to determine fair value include:

- The fair value of listed Australian and global equities is based on quoted market prices at the reporting date.
- The fair value of directly held unlisted Australian and global equity investments is determined by management valuations in accordance with the AVCAL valuation guidelines. A variety of methods are used including reference to recent shares issued and net assets of underlying investments.
- Investments in private equities primarily consist of

investments in managed private equity funds, each of which consists of a number of investments in individual companies, none of which are material. Fair value of managed private equity investments has been determined using fund manager valuations, which are prepared in accordance with AVCAL Guidelines. Directors have reviewed those valuations.

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

Fair value measurements using significant unobservable inputs (level 3). The following table presents the changes in level 3 items for the period ended 31 July 2022:

Reconciliation of level 3 fair value movements	31 July 2022 \$'000	31 July 2021 \$'000
Opening balance	236,498	235,100
Transfers to level 1	(18,469)	(949)
Purchases	4,560	4,675
Sales	(9,494)	(7,107)
Amortisation and depreciation	(329)	(510)
Net gain recognised to profit and loss	5,598	2,671
Net gain recognised to other comprehensive income	2,651	2,618
Closing balance	221,015	236,498

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

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

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

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

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

During the year there were transfers of equities from level 3 to level 1 due to these equities being listed on stock exchanges, there were no other transfers between the levels of the fair value hierarchy during the period ended 31 July 2022. Transfers between the levels of the fair value hierarchy are recognised at the beginning of the reporting period. There were no changes made to any of the valuation techniques used due to determine fair value during the year.

Significant unobservable inputs used in level 3 fair value measurements

Significant unobservable inputs used in level 3 fair value measurements relate to sub-regional and neighbourhood shopping centre capitalisation rates. Refer to note 16 for further disclosures pertaining to these inputs.

3. Critical Accounting Estimates And Judgements

Managed and Direct Private Equity

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

The impact of the revaluation of managed private equities at 31 July

2022 was a loss of \$1,018,000 (2021: a gain of \$2,515,000) 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 \$1,250,000 (2021: gain of \$156,000).

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 2022 \$'000	31 July 2021 \$'000
Segment revenue		
Cash and fixed interest – interest received	132	186
Equities – dividends and option income received	894	437
Private equities – distributions received	100	449
Investment properties – rent received	17,606	17,686
Development properties – realised gains on disposal	-	1,816
Surf Hardware International business – sale of goods	55,507	50,578
	74,239	71,152
Segment other income		
Private equities – realised and unrealised gains	2,751	2,515
Investment properties – realised and unrealised gains	1,404	156
Other	3,732	3,402
	7,887	6,073
Total segment revenue and other income	82,126	77,225

For the year ended	31 July 2022 \$'000	31 July 2021 \$'000
Segment revenue		
Cash and fixed interest	132	186
Equities	894	437
Private equities	2,851	2,964
Investment properties	9,318	7,293
Development properties	-	648
Surf Hardware International business	3,109	5,304
Other	(2,440)	(3,209)
Total segment result	13,864	13,623
Income tax expense	(2,944)	(3,241)
Net profit after tax	10,920	10,382

4. Segment Information (Continued)

For the year ended	31 July 2022 \$'000	31 July 2021 \$'000
Revenue from external customers by geographical region		
Australia	31,422	33,216
United States of America	17,765	17,363
Japan	8,214	7,926
Europe	15,712	11,575
Total revenue from external customers	73,113	70,080

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

As at	31 July 2022 \$'000	31 July 2021 \$'000
Segment assets		
Cash and fixed interest	13,713	30,813
Equities	45,808	43,087
Private equities	4,646	8,003
Investment properties	205,324	203,595
Development properties	30,206	18,950
Surf Hardware International business	23,713	18,821
Unallocated assets	12,786	9,210
Total assets	336,196	332,479
Segment liabilities		
Investment properties	91,175	91,276
Surf Hardware International business	7,231	5,700
Unallocated liabilities	35,847	40,353
Total liabilities	134,253	137,329

Non-current assets by geographical region		
Australia	290,885	274,760
United States of America	8,702	9,312
Japan	697	1,040
Europe	1,255	652
Total non-current assets	301,539	285,764

4. Segment Information (Continued)

For the year ended	31 July 2022 \$'000	31 July 2021 \$'000
Payments for the acquisition of:		
- Investment properties	1,054	1,507
- Development properties	11,256	3,994
- Equities	11,970	5,494
Gains / (losses) on disposal or revaluation of:		
- Investment properties	1,404	156
- Private equities	2,751	2,515
Unallocated:		
- Payments for the acquisition of property, plant and equipment	3,368	601
- Payments for the acquisition of intangibles	21	31

Accounting policies

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

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

All segments other than Surf Hardware International business segment

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

Surf Hardware International business segment

Segment assets include all assets (excluding operating cash of \$1.65 million (2021: \$1.81 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 2022 \$'000	31 July 2021 \$'000
Profit from continuing operations before income tax expense includes the following specific items:		
Gains		
Private equity investment distributions	100	449
Expenses		
Interest and other borrowing costs	2,833	3,410
Employee benefits	11,421	9,800
Cost of sales (Surf Hardware International)	34,078	29,087
Cost of sales (Development properties)	-	1,168

6. Income Tax Expenses

For the year ended	31 July 2022 \$'000	31 July 2021 \$'000
Current tax	1,526	1,181
Deferred tax	1,511	2,553
Over provided in prior years	(93)	(493)
	2,944	3,241
Income tax attributable to:		
Profit from continuing operations	2,944	3,241
Aggregate income tax expense on profit	2,944	3,241
Reconciliation of income tax expense to prima facie tax on profit		
Profit from continuing operations before income tax expense	13,864	13,623
Tax at the Australian tax rate of 30% (2021: 30%)	4,160	4,087
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-assessable income/ Non-deductible expenses	(791)	(30)
Franked dividends	(126)	(83)
Over provision in prior year	(93)	(493)
Deferred tax assets recorded not recognised and effect of tax rates in foreign jurisdictions	(206)	(240)
Income tax expense	2,944	3,241

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

426 2,016

7. Cash And Cash Equivalents

As at	31 July 2022 \$'000	31 July 2021 \$'000
Cash at bank and on hand	13,713	30,813

8. Current Trade And Other Receivables

Trade debtors	7,111	6,711
Less: expected credit losses	(297)	(149)
Balance at end of year	6,814	6,562

9. Other Current Assets

Prepayments	1,181	1,075
Other	9	-
Balance at end of year	1,190	1,075

10. Current Inventories

At cost or net realisable value		
Raw materials and finished goods	12,940	8,265
Balance at end of year	12,940	8,265

11. Non-Current Other Receivables

As at	31 July 2022 \$'000	31 July 2021 \$'000
Other receivables	-	63
Balance at end of year	-	63

12. Non-Current Loan Receivables

Loan receivables	925	850
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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	43,087	32,265
Revaluation to fair value	1,421	6,718
Additions	9,608	6,491
Transfers	408	-
Disposal proceeds	(8,716)	(2,387)
Balance at end of year	45,808	43,087

Changes in fair value of equities are recorded in equity.

14. Non-Current Private Equities

At fair value through profit or loss

Balance at beginning of year	8,003	4,751
Revaluation to fair value	(1,018)	2,515
Additions	658	783
Transfers	(71)	-
Disposal proceeds	(6,695)	(46)
Net gain on disposal	3,769	-
Balance at end of year	4,646	8,003

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

At cost or net realisable value

Balance at beginning of year	18,950	16,117
Additions	11,256	3,994
Disposal proceeds	-	(1,816)
Net gain on disposal	-	648
Other	-	7
Balance at end of year	30,206	18,950

16. Non-Current Investment Properties

As at	31 July 2022 \$'000	31 July 2021 \$'000
At fair value		
Balance at beginning of year	203,595	202,442
Additions	1,054	1,507
Disposal proceeds	(400)	-
Net gain on disposal	154	-
Amortisation on incentives	(329)	(510)
Net gain from fair value adjustment	1,250	156
Balance at end of year	205,324	203,595

Amounts recognised in profit of loss for investment properties

Rental revenue	17,606	17,686
Direct operating expenses from rental generating properties	(7,020)	(7,364)
Net gain on disposal	154	-
Net gain on revaluation	1,250	156
	11,990	10,478

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

	Valuation Method	Weighted average cap rate 2022	Weighted average cap rate 2021	31 July 2022 \$'000	31 July 2021 \$'000
Sub-regional and neighbourhood shopping centres (Coffs Central, Port Central and Kempsey Central)	(a)	6.51%	6.51%	198,575	198,069
Other properties	(b)			6,749	5,526
				205,324	203,595

(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 2022 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 2022, 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 Property \$'000	Motor vehicles \$'000	Furniture, fittings & equipment \$'000	Total \$'000
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
Year ended 31 July 2022				
Opening net book amount	-	223	1,328	1,551
Additions	-	253	3,115	3,368
Disposals	-	-	(2)	(2)
Depreciation charge	-	(47)	(461)	(508)
Closing net book amount	-	429	3,980	4,409
At 31 July 2022				
Cost	-	832	11,427	12,259
Accumulated depreciation	-	(403)	(7,447)	(7,850)
Net book amount	-	429	3,980	4,409

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

18. Non-Current Intangibles

As at	31 July 2022 \$'000	31 July 2021 \$'000
Goodwill	2,383	2,383
Brand names and patents	1,375	1,533
Balance at end of year	3,758	3,916

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

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

Goodwill, brand names and patents

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

Five year projected cash flows in respect of the Surf Hardware International business segment are \$21m. Key assumptions include: (a) 10% discount rate; (b) 7% per annum projected net revenue growth rate; (c) 6% 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 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
Year ended 31 July 2022				
Opening net book amount	1,660	19	68	1,747
Additions	948	28	20	996
Lease modifications	-	-	-	-
Foreign exchange movements	(3)	-	-	-
Depreciation charge	(996)	(18)	(13)	(1,030)
Closing net book amount	1,609	29	75	1,713
At 31 July 2022				
Cost	4,590	106	105	4,801
Accumulated depreciation	(2,981)	(77)	(30)	(3,088)
Net book amount	1,609	29	75	1,713

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.

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.

Each lease generally imposes a restriction that, unless there is a

20. Deferred Tax Assets

As at	31 July 2022 \$'000	31 July 2021 \$'000
The balance comprises temporary differences attributable to:		
Employee benefits	296	306
Accruals	409	1,021
Equities	81	6
Derivatives	12	-
Tax losses	159	320
Other	744	733
Net deferred tax assets	1,701	2,386
Movements:		
Opening balance at 1 August	2,386	3,610
(Debited) / credited to profit or loss	(685)	(1,224)
Closing balance at 31 July	1,701	2,386
Deferred tax assets to be recovered within 12 months	568	1,222
Deferred tax assets to be recovered after 12 months	1,133	1,164
	1,701	2,386

21. Other Non-Current Assets

As at	31 July 2022 \$'000	31 July 2021 \$'000
Other assets	3,049	1,616

22. Current Trade and Other Payables

Trade creditors	2,395	3,378
Other creditors and accruals	2,721	2,990
Balance at end of year	5,116	6,368

23. Current Borrowings

Bill payable – secured	1,000	1,101
Commercial advance facility - secured	1,851	14
Balance at end of year	2,851	1,115

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 Liabilities

Lease liabilities	1,346	997
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25. Current Tax Liabilities

Income tax payable	2,010	4,740
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26. Current Provisions

Employee entitlements	1,207	1,222
Provision for rental abatements and deferrals	-	2,000
Balance at end of year	1,207	93,222

27. Non-Current Borrowings

As at	31 July 2022 \$'000	31 July 2021 \$'000
Bills payable - secured	94,310	94,309

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	95,310	95,410
Commercial advance facility – secured ²	1,851	14
	97,161	95,424

¹\$1.0 m bill is secured against 328-332 Bong St, Bowral. Interest is charged at BBSY plus 1.84% p.a.

¹\$94.310 million bill is secured against Port Central Shopping Centre, Coffs Central Shopping Centre, and Kempsey Central Shopping Centre (the "SC properties"). The facility consists of two tranches, the first tranche is a non-revolving facility, has a facility limit of \$76 million (fully drawn at 31 July 2022). 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 2022 the current interest rate that applies to amounts advanced is 2.9218% p.a. The lender requires the Group and SC properties to meet certain financial ratios at 31 July 2022: 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\$1.851 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 2022 the current interest rate that applies to amounts advanced is 8.27%.

As at	31 July 2022 \$'000	31 July 2021 \$'000
Financing Arrangements		
Unrestricted access was available at balance date to the following lines of credit:		
Total facilities		
Secured bill facilities	107,000	107,400
Secured commercial advance facility	2,000	2,000
Secured market rate loan facility	-	-
Other	-	-
	109,000	109,400
Used at balance date		
Secured bill facilities	95,310	95,410
Secured commercial advance facility	1,851	14
Secured market rate loan facility	-	-
Other	-	-
	97,161	95,424
Unused at balance date		
Secured bill facilities	11,690	11,990
Secured commercial advance facility	149	1,986
Secured market rate loan facility	-	-
Other	-	-
	11,839	13,976

27. Non-Current Borrowings (Continued)

Off-balance sheet

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

28. Non-Current Lease Liability

As at	31 July 2022 \$'000	31 July 2021 \$'000
Lease liabilities	532	974

29. Non-Current Provisions

Employee entitlements	321	333
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30. Deferred Tax Liabilities

The balance comprises temporary differences attributable to:

Prepayments	109	149
Intangibles	315	315
Investment properties	21,322	19,802
Equities	4,110	4,393
Other	652	504
Net deferred tax liabilities	26,508	25,163
Movements:		
Opening balance at 1 August	25,163	22,050
Charged/(credited) to profit or loss	919	1,097
Charged/(credited) to equity	426	2,016
Closing balance at 31 July	26,508	25,163
Deferred tax liabilities to be settled within 12 months	108	149
Deferred tax liabilities to be settled after 12 months	26,400	25,014
	26,508	25,163

31. Contributed Equity

	Number of shares 2022	Number of shares 2021	2022 \$'000	2021 \$'000
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Share capital

Ordinary shares fully paid	53,311,125	53,624,983	11,781	12,693
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Movements in ordinary share capital – for the year ended 31 July 2022

Date	Details	Number of shares	Issue price per share	\$'000
31/07/2021	Balance	53,624,983		12,693
11/08/2021	Share buy-back	(46,633)	\$2.75	(128)
24/09/2021	Share buy-back	(36,787)	\$3.00	(110)
06/01/2022	Share buy-back	(52,841)	\$3.17	(168)
14/02/2022	Share buy-back	(9,825)	\$2.97	(29)
06/06/2022	Share buy-back	(143,729)	\$2.85	(410)
07/06/2022	Share buy-back	(24,043)	\$2.80	(67)
		53,311,125		11,781

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

Date	Details	Number of shares	Issue price per share	\$'000
31/07/2020	Balance	53,746,240		12,895
15/10/2020	Share buy-back	(100,000)	\$1.51	(151)
8/07/2021	Share buy-back	(21,257)	\$2.38	(51)
		53,624,983		12,693

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 2022.

Deferred Employee Share Plan

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

Options

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

On-market share buy back

313,858 shares were bought back during the year (2021: 121,257).

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

As at	31 July 2022 \$'000	31 July 2021 \$'000
Capital profits reserve¹		
Opening balance	90,503	90,503
Transfer from retained profits	-	-
Closing balance	90,503	90,503
Long term investment revaluation reserve²		
Opening balance	8,504	2,860
Fair value adjustments on equities		
- Equities	1,420	6,719
- Deferred tax applicable to fair value adjustments	(426)	(2,016)
- Transfer of losses on sale of equity instruments at fair value through comprehensive income to retained profits, net of tax	92	941
Closing balance	9,590	8,504
Asset revaluation reserve³		
Opening balance	-	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	-	-
Foreign currency translation reserve⁴		
Opening balance	144	197
Exchange differences on translation of foreign operations	72	(53)
Closing balance	216	144
Total reserves	100,309	99,151

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

As at	31 July 2022 \$'000	31 July 2021 \$'000
Ordinary shares		
2021 final dividend of 4.0 cents (2020: 3.0 cents interim) per share	2,142	1,609
2022 interim dividend of 4.0 cents (2021: 4.0 cents interim) per share	2,139	2,146
Total dividends declared	4,281	3,755
Dividends paid in cash	4,281	3,755
Dividends paid via Dividend Reinvestment Plan	-	-
	4,281	3,755

Franked dividends declared and paid during the year were fully franked at the tax rate of 30% (2021: 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 28 October 2022 out of retained profits at 31 July 2022.

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 2022 and will be recognised in subsequent financial reports.

Franked dividends

The franked portions of the final dividends declared after 31 July 2022 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 2022.

Franking credits available for subsequent financial years (tax paid basis)	5,158	5,790
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The above amounts are based on the balance of the franking account at year end, adjusted for:

- (a) franking credits that will arise from the payment of the current tax receivable;
- (b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date;
- (c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date; and
- (d) franking credits that may be prevented from being distributed in subsequent financial years.

34. Remuneration of Auditors

During the year the following fees were paid or payable for services provided by William Buck (2021: HLB Mann Judd), the auditor of the company:

	31 July 2022 \$	31 July 2021 \$
Audit services – William Buck		
Audit and review – group	120,800	-
Audit and review – controlled entities	47,200	52,600
Audit services – HLB Mann Judd		
Audit and review – group	-	139,600
Audit and review – controlled entities	-	8,500
Other services – William Buck		
Financial review	73,500	-
Other services – HLB Mann Judd		
Tax services	-	50,200
	241,500	250,900

35. Commitments For Expenditure

Capital commitments – Private equities

The Group has uncalled capital commitments of up to \$1,764,000 (2021: \$932,000) in relation to private equity and property fund investments held at year end.

Capital commitments – Development properties

The Group has capital commitments of \$1,849,000 (2021: \$888,000) 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 2021.

Remuneration

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

	31 July 2022 \$	31 July 2021 \$
Directors and other key management personnel		
Short-term employee benefits	491,701	522,563
Post-employment benefits	54,196	55,060
Long-term benefits	4,705	(43,205)
	550,602	534,418

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

Movement in shares

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

*Directly and indirectly

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

Receivables from Directors and Executives

At year end there were \$nil receivables from the Directors and executives (2021: \$nil).

Transactions with Key Management Personnel and Directors

Key management person	Transaction type	31 July 2022 \$	31 July 2021 \$
J. E. Gowing	Operational / marketing services	72,300	128,878
J. E. Gowing	Associate director services	-	913

36. Related Parties (Continued)

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 \$nil for the year (2021: \$53,590) for the year. The sons of Mr J E Gowing provided operational services during the year on an employment basis totalling \$72,300 (2021: \$75,288), and associate director services totalling \$nil (2021: \$913).

Other related party transactions

Key management person	Transaction type	31 July 2022 \$	31 July 2021 \$
J. E. Gowing	Donations – Whale Trust	559,623	480,139

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 % 2022	Ownership Interest % 2021
Pacific Coast Developments 357 Pty Ltd	Australia	100	100
Pacific Coast Developments 357 Fund	Australia	99.9	99.9
1868 Capital Pty Ltd	Australia	100	100
Pacific Coast Developments 112 Fund	Australia	99.9	99.9
Gowings SHI Pty Ltd	Australia	99.9	99.9
SHI Holdings Pty Ltd	Australia	99.9	99.9
Fin Control Systems Pty Ltd	Australia	99.9	99.9
Surfing Hardware International Holdings Pty Ltd	Australia	99.9	99.9
Surf Hardware International Asia Pty Ltd	Australia	99.9	99.9
Surf Hardware International Europe SARL	France	99.9	99.9
Surf Hardware International UK Ltd	England	99.9	99.9
OZ4U Holdings Pty Ltd	Australia	99.9	99.9
Sunbum Technologies Pty Ltd	Australia	99.9	99.9
Surfing Hardware International USA Inc.	United States of America	99.9	99.9
Surf Hardware International USA Inc.	United States of America	99.9	99.9
Surf Hardware International Hawaii Inc.	United States of America	99.9	99.9
Surf Hardware International Japan KK	Japan	99.9	99.9
Surf Hardware International Pty Ltd	Australia	99.9	99.9
Surf Hardware International New Zealand Pty Ltd	New Zealand	99.9	99.9
Gowings Master Trust	Australia	100	100
1868 High Yield Trust	Australia	100	100
Gowings Life Sciences Trust	Australia	100	100
Gowing Bros Management Services Pty Ltd	Australia	100	100
Coastbeat Pty Ltd	Australia	100	100
Gowings Wholesale Property Fund	Australia	100	-
Coffs Central Pty Ltd	Australia	100	-
Coffs Central Sub-Trust	Australia	100	-
Port Central Pty Ltd	Australia	100	-
Port Central Sub-Trust	Australia	100	-
Kempsey Central Pty Ltd	Australia	100	-
Kempsey Central Sub-Trust	Australia	100	-

No other interests in subsidiaries or other entities (excluding joint ventures) were held by the Group in the 31 July 2022 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 Arrangements

The Group has entered into a joint 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 operation and is entitled to 50% of its output.

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

	31 July 2022 \$'000	31 July 2021 \$'000
Current assets		
Cash and cash equivalents	33	41
Trade and other receivables	36	59
Total current assets	69	100
Non-current assets		
Investment properties	5,500	4,250
Total non-current assets	5,500	4,250
Current share of assets employed in joint operation	5,569	4,350
Current liabilities		
Trade and other payables	46	27
Borrowings	1,000	1,101
Total current liabilities	1,046	1,128
Current share of liabilities employed in joint operation	1,046	1,128
Net assets employed in joint operation	4,523	3,222

\$1.0 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 (2021: Nil).

40. Earnings Per Share

	31 July 2022	31 July 2021
Basic earnings per share (cents)	20.42c	19.35c
Diluted earnings per share (cents)	20.42c	19.35c
Weight average number of ordinary shares on issue	53,488,979	53,665,722
Net profit after tax	\$10,920,000	\$10,382,000

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 2022 \$'000	31 July 2021 \$'000
Assets		
Current assets	12,613	28,065
Non-current assets	309,901	293,644
Total assets	322,514	321,709
Liabilities		
Current liabilities	4,960	11,097
Non-current liabilities	120,556	118,781
Total liabilities	125,516	129,878
Net assets	196,998	191,831
Equity		
Issued capital	11,781	12,693
Capital profits reserve	90,503	90,503
Long term investment revaluation reserve	9,590	8,504
Asset revaluation reserve	-	-
Retained earnings	85,124	80,131
Total equity	196,998	191,831

Statement of Profit or Loss and other Comprehensive Income

Net profit after income tax	9,366	6,731
Total comprehensive income	994	4,703

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 (2021: 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 (2021: 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 (2021: nil).

42. Reconciliation of Net Profit to Net Cash Inflow from Operating Activities

	31 July 2022 \$'000	31 July 2021 \$'000
Profit from ordinary activities after income tax	10,920	10,382
Amortisation of lease incentives	329	510
Depreciation and amortisation	1,721	2,134
Net gain on sale of private equities	(3,769)	-
Net gain on sale of freehold property	-	(946)
Net gain on the sale of investment properties	(154)	-
Net gain on the sale of development properties	-	(648)
Revaluation of investment properties to fair value	(1,250)	(156)
Revaluation of private equities to fair value	1,018	(2,515)
Revaluation of derivatives to fair value	-	(587)
(Increase) / decrease in receivables	(463)	692
(Increase) / decrease in prepayments	(1,549)	246
(Increase) in inventories	(4,675)	(3,170)
(Decrease) / increase in income taxes	(1,127)	2,029
(Decrease) / increase in employee entitlements	(2,027)	(330)
Increase in trade creditors and accruals	430	1,793
Net cash (outflows) / inflows from operating activities	(596)	9,434

43. Changes in Liabilities Arising from Financing Activities

Liabilities from financing activities	Opening balance – 31 July 2021	Cash flows from financing activities	Gain on disposal	Lease Modifications	Closing balance – 31 July 2022
Borrowings ¹	95,424	1,737 ³	-	-	97,161
Lease liabilities ²	1,971	(1,091)	-	998	1,878

¹ Relates to current and non-current borrowings.

² Relates to current and non-current lease liabilities.

³ Relates to the following cash flows from financing activities for the year ended 31 July 2022:

-Proceeds from borrowings	1,837
-Repayments of borrowings	(100)
	1,737

44. Subsequent Events

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

The Group has sold its interest in the Joint Venture Regional Retail Property for \$5.5 million with \$1 million in proceeds being used to repay the borrowings secured against this property.

The Group's investment in Murray Darling Food Company will

be realised after the business was sold of \$45 million our share should be above current holding value.

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

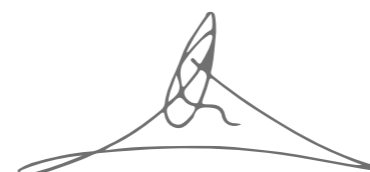
Gowing Bros. Limited shares are listed on the Australian Securities Exchange.

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

- In the directors' opinion:
 - the consolidated financial statements and notes set out on pages 27 to 60 are in accordance with the Corporations Act 2001, including:
 - complying with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - giving a true and fair view of the Group's financial position as at 31 July 2022 and of its performance for the financial year ended on that date; and
 - there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- The notes to the consolidated financial statements include a statement of compliance with International Financial Reporting Standards.
- The directors have been given the declarations by the chief executive officer and chief financial officer for the year ended 31 July 2022 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
26 October 2022



J. E. Gowing
Director

Kerikeri, New Zealand
26 October 2022

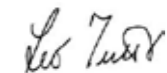
Gowing Bros. Limited
Auditor's independence declaration under section 307c of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the year ended 31 July 2022 there have been:

- no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.



William Buck
Accountants & Advisors
ABN: 16 021 300 521



L.E. Tutt
Partner
Sydney, 26 October 2022

Gowing Bros. Limited
Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Gowing Bros. Limited (the Company and its subsidiaries [the Group]), which comprises the consolidated statement of financial position as at 31 July 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- giving a true and fair view of the Group's financial position as at 31 July 2022 and of its financial performance for the year ended on that date; and
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

Key Audit Matters

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

KEY AUDIT MATTER	
<p>Valuation of subregional and neighbourhood shopping centre investment properties</p> <p>Refer also to notes 16</p>	<p>How our audit addressed it</p>
<p>The Group has subregional and neighbourhood shopping centre investment properties as at 31 July 2022 totalling \$205.3 million.</p> <p>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.</p> <p>Due to the significant value attached to the investment properties in Group's consolidated financial statements, level of significant judgements and assumptions applied to determine the fair value of the Group's investment properties, this is considered to be a key audit matter.</p>	<p>We have performed procedures to respond to the risk of misstatement of investment properties, these procedures included:</p> <ul style="list-style-type: none"> — Assessing the competence, capability, experience, independence and objectivity of external valuers appointed by management. — Evaluating the valuation methodology applied. — Testing the reliability and reasonableness of inputs to underlying contracts and supporting documentation. — Testing the appropriateness of assumptions and estimates with reference to historical rates and results, available market data, market conditions and other supporting documentation. — Checking mathematical accuracy of valuation calculations. <p>We have also assessed the adequacy of the Group's disclosures with relevance to Australian Accounting Standards.</p>

KEY AUDIT MATTER	
<p>Valuation of Unlisted Equities</p> <p>Refer also to notes 13 and 14</p>	<p>How our audit addressed it</p>
<p>The Group has investments of \$15.7 million in a number of unlisted equities at 31 July 2022, which have been included in the Group's consolidated statement of financial position.</p> <p>Management assesses the value of these investments at least annually, using various valuation techniques, such as recent arm's length transactions, reference to other instruments that are of a similar nature and other market evidence.</p> <p>Due to the significant judgement involved in assessing the valuation of these assets, this is considered a key audit matter.</p>	<p>We have performed procedures to respond to the risk of misstatement of unlisted equities, these procedures included:</p> <ul style="list-style-type: none"> — Assessing the valuation methodology applied by management. — Reviewing the valuation inputs including evidence of recent arm's length transactions and agreeing these transactions to external sources. — Reviewing the market data and other financial information. <p>We have also assessed the adequacy of the Group's disclosures with relevance to Australian Accounting Standards.</p>

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 July 2022 but does not include the financial report and the auditor's report thereon.

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

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

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

Other Matter

The financial report of Gowing Bros. Limited for the year ended 31 July 2021 was audited by another auditor who expressed an unmodified opinion on the financial report on 28th October 2021.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 22 to 24 of the directors' report for the year ended 31 July 2022.

In our opinion, the Remuneration Report of Gowing Bros. Limited, for the year ended 31 July 2022, 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.



William Buck
Accountants & Advisors
ABN: 16 021 300 521



L.E. Tutt
Partner
Sydney, 26 October 2022

Issues to Shareholders Since 19 September 1985

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

Go North

1% is more than
a drop in the ocean.



Gowings Whale Trust

Australian Environment Pioneers

Established 1868

GOWING BROS. LTD (ASX:GOW)

