148th ANNUAL REPORT
31 July 2016

EST 1868

GOWING BROS

CORPORATE DIRECTORY

DIRECTORS

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

SECRETARIES

Mr. Garth Grundy
Mr. Justin Chorn

STOCK EXCHANGE LISTING

The Australian Securities Exchange
Ticker Code: GOW

REGISTERED OFFICE

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

SHARE REGISTRY OFFICE

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

AUDITORS

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

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ABOUT GOWINGS

INVESTMENT OBJECTIVE

The Company's focus is to preserve and grow the value of its underlying financial and real assets and to grow net income from ordinary activities as the principal source of income to pay ordinary dividends.

INVESTMENT PHILOSOPHY

Gowings has now entered its 149th year and is looking forward to celebrating 150 years in 2018. Gowings is an investment company whose investment horizon is intergenerational. In fact, Gowings has had only four managing directors since its establishment in 1868. Being a shareholder in Gowings is for investors who share a similar investment philosophy who wish to invest alongside the Gowings family.

An important investment philosophy is to generate sustainable and reliable dividends that can provide income for shareholders.

Investments are made across different asset classes to take advantage of changing economic cycles. The Company's investment portfolio adjusts as opportunity and risk are managed. Gowings provides investors with access to opportunities not normally available to retail investors. The Company does not limit itself to ASX-listed equities, to any single national boundary or currency, or any particular industry type.

Risk is actively managed through portfolio selection, natural hedges, diversity, and conservative gearing. The Company does not attempt to reduce risk and preserve capital by investing only in so-called "low-risk" assets, but rather seeks to offset risk with a balanced and diverse portfolio of different asset classes.

As an inter-generational investment vehicle, the Fund does not focus on the day-to-day ASX share price, but rather on preserving and increasing the long-term value of underlying assets, which are the ultimate source of income and growth.

At Gowings, all the Board of Directors and key senior management are shareholders, giving rise to our commitment 'Investing together for a secure future'

TRANSPARENT COMMUNICATION

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

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

INVESTING IN GOWINGS

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

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

HISTORY

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

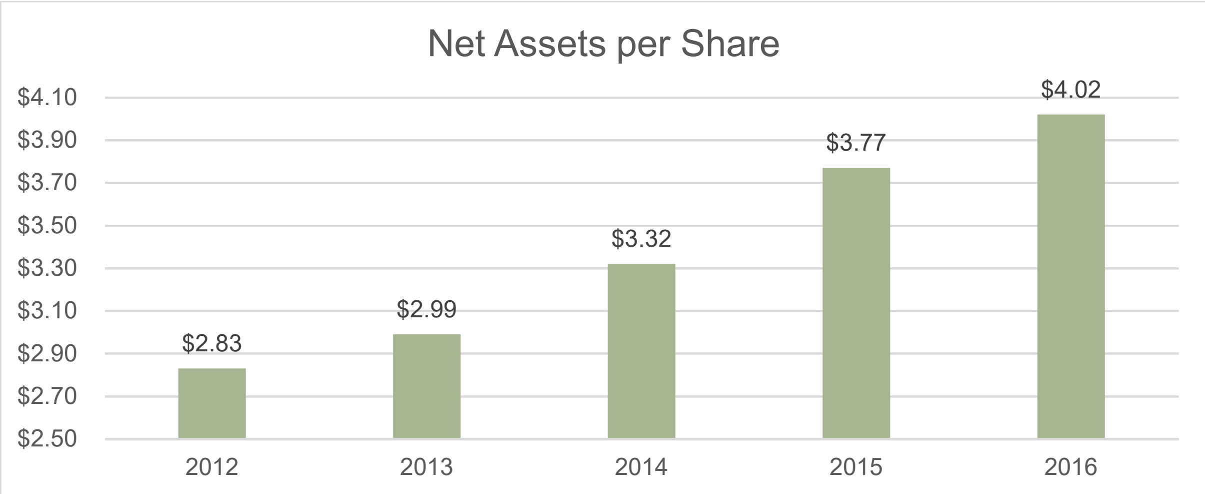
The Company, under 4 generations of the Gowing family, has prospered through 148 years of economic booms and busts, world wars and market crashes. The Company's origins were in retailing which soon led to significant property investments being made across Sydney's CBD. At one stage, the Gowings Market Street building completed in 1929 was the tallest building in the city.

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

MANAGING DIRECTOR'S REVIEW OF OPERATIONS

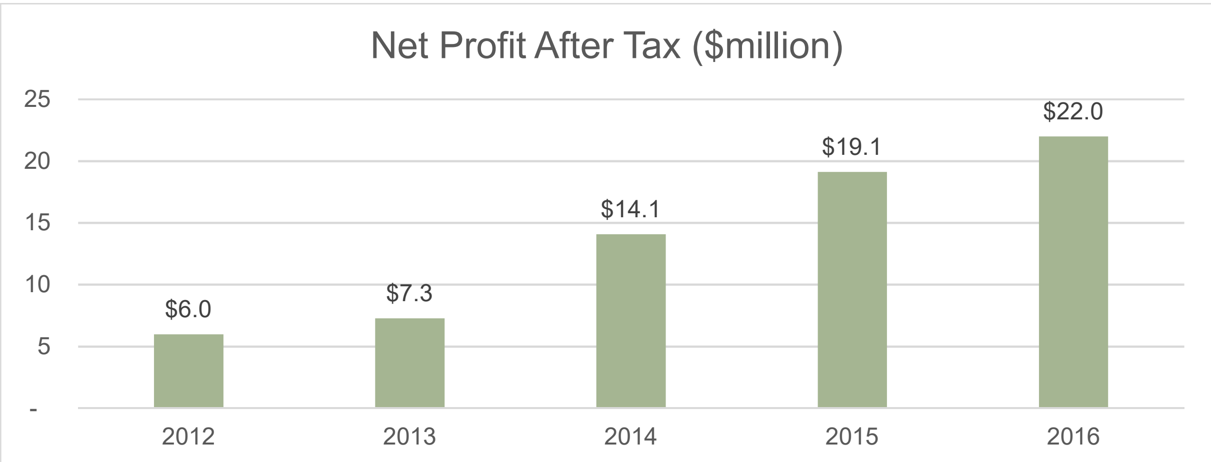
On behalf of the Board of Directors, I am pleased to comment on the results for the year ended 31 July 2016.

FINANCIAL REVIEW



Net assets per share before tax on unrealised gains increased 6.6% to $4.02 as at 31 July 2016 after the payment of 12c in dividends. Total Shareholder Return was 9.8% including the growth in net assets per share plus dividends paid to Shareholders. Prior year net assets per share have been restated to reflect the 1 for 10 bonus share issue made to Shareholders during the year.

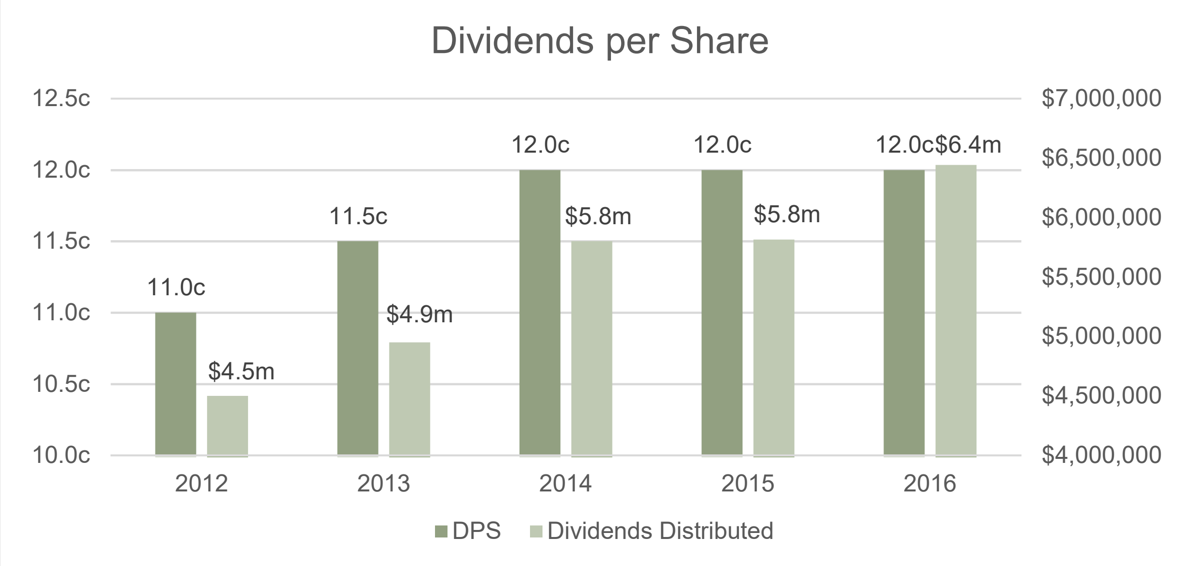
Net assets per share have grown strongly over the past 5 years driven by continued growth in our Pacific Coast Shopping Centre portfolio as well as solid returns achieved in the Equity portfolio. The 2016 year included significant gains on realisation of our investment in Blackmores Limited and a strong appreciation in our current shareholding in Boundary Bend Limited.



Net Profit After Tax increased 15% to $22 million from the prior year.

Net Profit After Tax for the year ended 31 July 2016 includes underlying income from ordinary activities such as rent, interest and dividends. This year's profit was bolstered by the capital profit made on the sale of our long term investment in Blackmores Ltd and the revaluation upwards of the Company's investment in the Pacific Coast Shopping Centre portfolio as reflected in the Statement of Profit or Loss.

MANAGING DIRECTOR'S REVIEW OF OPERATIONS



The Company paid a total of 12c in fully franked LIC dividends for the 2016 year. Shareholders also received a 1 for 10 bonus issue of shares during the year which were eligible for the final 2016 dividend thereby passing on an effective increase in dividends to Shareholders.

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

Shareholders will be aware that the LIC franking status passes on the benefit of an LIC capital gain through to eligible Shareholders who may receive up to a 50% reduction in their assessable taxable dividend income depending on their income tax status.

KEY METRICS

For the year ended	31 July 2012	31 July 2013	31 July 2014	31 July 2015	31 July 2016
Net Assets	$150.5m	$157.2m	$170.2m	$186.8m	**$198.6m**
Net Assets per Share*					
- Before tax on unrealised gains	$2.83	$2.99	$3.34	$3.77	**$4.02**
- After tax on unrealised gains	$2.79	$2.92	$3.16	$3.47	**$3.70**
Net profit after tax	$6.0m	$7.3m	$14.1m	$19.1m	**$22.0m**
Earnings per Share*	11.07c	13.50c	26.10c	35.48c	**40.92c**
Dividends per Share	11.0c	11.5c	12.0c	12.0c	**12.0c**
Total Shareholder Return	3.5%	9.5%	15.2%	16.3%	**9.8%**

* Net Assets per share and Earnings per Share as at and for the year ended 31 July 2015 and previous years have been restated for comparative purposes to reflect the 1 for 10 bonus issue during the period. Dividends per share have not been adjusted.

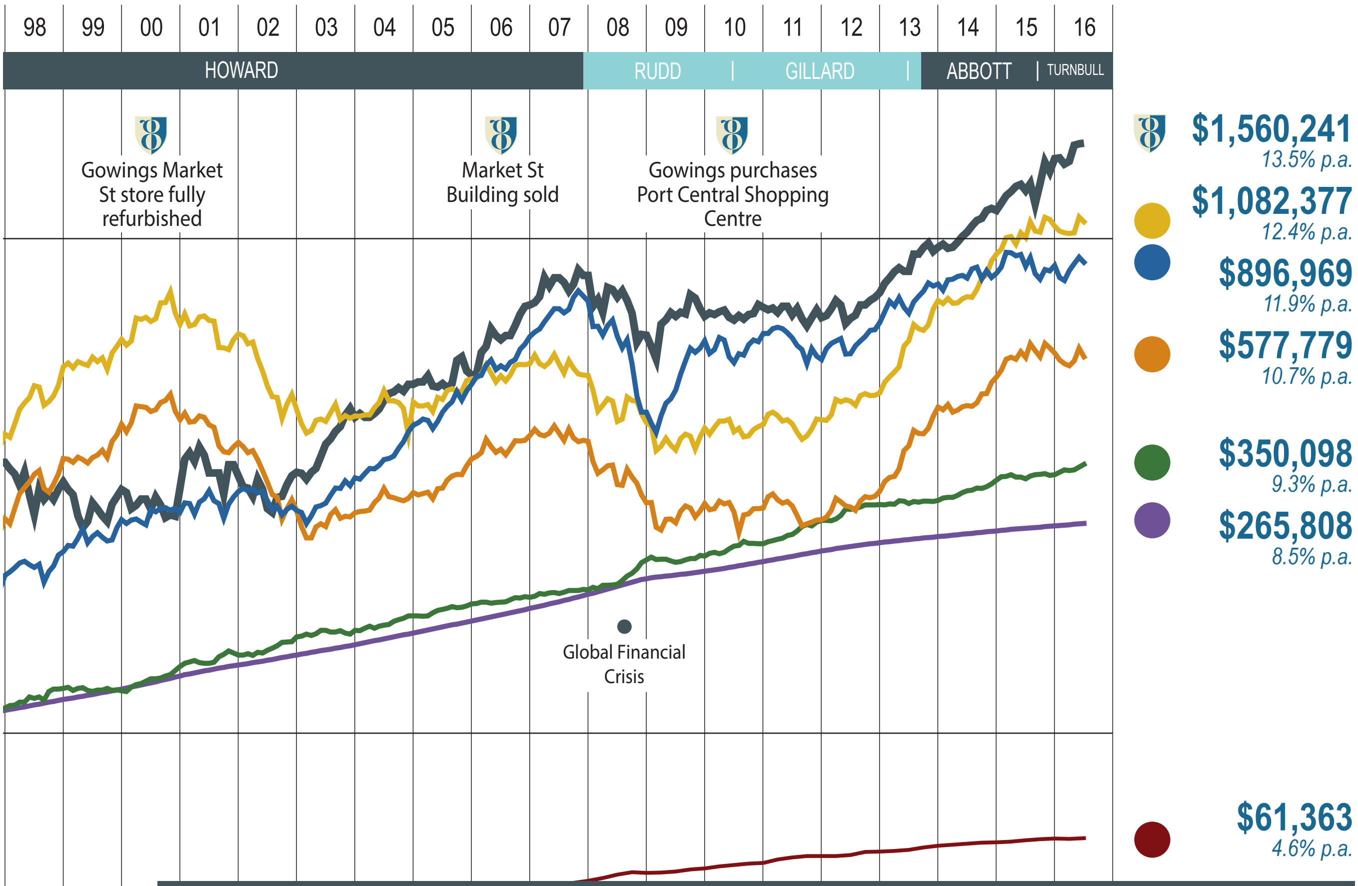
SHAREHOLDER RETURNS

The graph on the following page is compiled by Bloomberg and Andex Charts illustrating the growth in value of Gowings as an investment over 40 years in relation to other investments. An investment of $10,000 in 1976 would be worth $1,560,241 in 2016.

GOWING BROS

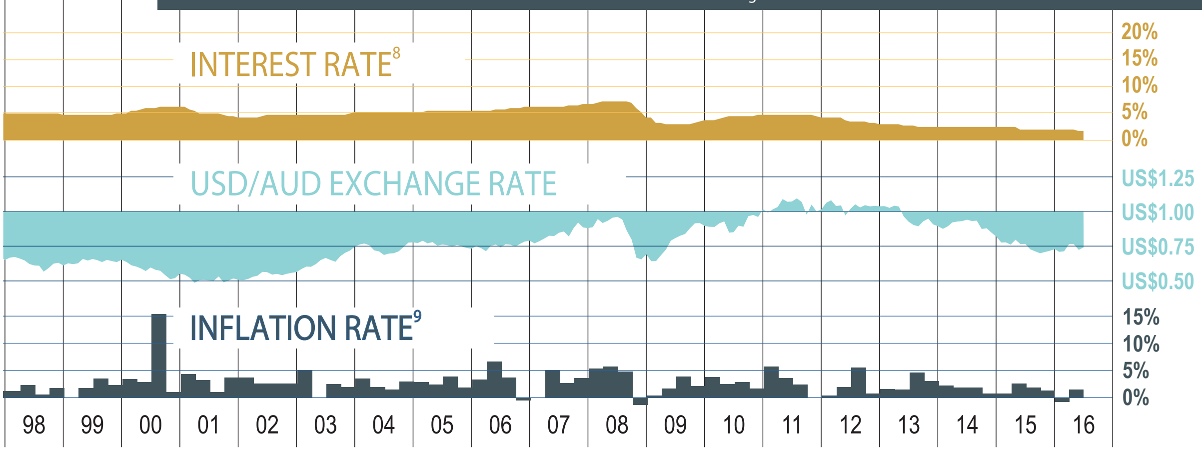
Sources: Australian Bureau of Statistics, ASX Limited, Bloomberg Finance L.P., Commonwealth Bank of Australia, Melbourne Institute of Applied Economic and Social Research, MSCI Inc., Reserve Bank of Australia, Standard & Poors, Thomson Reuters.
Notes: 1. One year returns are total returns from 30 June 2015, to 30 June 2016. Five, Ten, Twenty, Thirty and Forty-year returns are per annum returns to 30 June 2016. 2. Gowing Brothers Total Return data calculated by Bloomberg. 3. Index prior to January 1980 is the MSCI Australia Gross Total Return Index. From January 1980 the index is the Standard & Poors ASX All Ordinaries Accumulation Index. 4. MSCI World ex-Australia Gross Total Return Index. 5. S&P500 Total Return Index in AUD. 6. Data used in the construction of the index prior to January 1977 provided by the Reserve Bank of Australia. From January 1977 the index is the Commonwealth Bank All Series Greater than 10 Years Bond Accumulation Index. 7. Data used in the construction of the index prior to March 1987 provided

A STRONG INVESTMENT OVER TIME



INVESTMENT RETURNS[1]	GOWING BROS[2]	AUSTRALIAN SHARES[3]	INT. SHARES[4]	US SHARES[5]	AUST. BONDS[6]	CASH[7]	CPI
5 YEARS	17.3%	7.3%	14.9%	20.7%	6.7%	3.1%	1.8%
10 YEARS	9.6%	4.9%	4.4%	7.4%	6.6%	4.3%	2.4%
20 YEARS	10.4%	8.7%	5.9%	8.2%	7.0%	4.9%	2.5%
30 YEARS	9.7%	9.6%	7.0%	9.5%	8.9%	6.9%	3.2%
40 YEARS	13.5%	11.9%	10.7%	12.4%	9.3%	8.5%	4.6%

Investment returns assume reinvestment of all dividends and entitlements. All figures are Australian dollars.



by the Reserve Bank of Australia. From March 1987 the index is the Bloomberg AusBond Bank Bill Index. 8. Interest Rate prior to July 1981 is a short-term Government Bond rate. From July 1981 the interest rate is the Reserve Bank of Australia's Official Cash Rate. 9. Annualised rate of inflation.

Disclaimer: The information contained herein is intended for informational purposes only. It is not intended as investment advice, and must not be relied upon as such. No responsibility is accepted for inaccuracies. Past performance does not guarantee future returns.

MANAGING DIRECTOR'S REVIEW OF OPERATIONS

GOWINGS AT A GLANCE

	31 July 2016 ($'000)	31 July 2015 ($'000)
Cash		
Australian Dollars	17,122	1,029
Foreign Currency	3,875	11,810
Total	**20,997**	**12,839**
Australian Equity Portfolio		
Boundary Bend Limited	10,071	5,371
Carlton Investments	5,528	5,509
ANZ Banking Group	2,584	3,268
Westpac Banking Corporation	2,518	2,824
National Australia Bank	2,150	2,816
BT Investments	2,122	1,663
TPI Group Limited	1,933	2,000
Tassal Group	1,236	1,128
Event Hospitality	1,180	1,008
Magellan Financial Group	987	-
Blackmores Ltd	-	9,009
Woolworths Ltd	-	2,860
Other holdings	13,457	13,100
Total	**43,766**	**50,556**
International Holdings		
Hydration Pharmaceuticals	2,659	-
DiCE Molecules	1,349	1,349
Other	1,499	3,186
Total	**5,507**	**4,535**
Managed Private Equity Portfolio	**2,679**	**2,604**
Pacific Coast Shopping Centre Portfolio		
Sub-regional shopping centres	147,747	139,747
Neighbourhood shopping centres	34,238	33,000
Borrowings	(47,000)	(47,000)
Total	**134,985**	**125,747**
Other Direct Properties		
Property	15,838	13,154
Borrowings	(1,775)	(1,900)
Total	**14,063**	**11,254**
Working Capital	(6,098)	(4,253)
Net assets before tax on unrealised gains	**215,899**	**203,282**
Provision for tax on unrealised gains	(17,319)	(16,511)
Net assets after tax on unrealised gains	**198,580**	**186,771**
Number of shares outstanding*	53,736,761	53,879,311
Net assets per share before tax on unrealised gains*	$4.02	$3.77
Net asses per share after tax on unrealised gains*	$3.70	$3.47

*Net assets per share as at 31 July 2015 have been restated for comparative purposes to reflect the 1 for 10 bonus issue during the year.

MANAGING DIRECTOR'S REVIEW OF OPERATIONS

PORTFOLIO REVIEW

Equity Investments performed strongly during the year with a total return of 23.6% driven by Blackmores and Boundary Bend.

As outlined in the interim report, this financial year will undoubtedly be most remembered for the outstanding performance of the now fully realised investment in Blackmores Limited. The share price and valuation, in our view, significantly out ran the Company's long term fundamentals so selling became the most prudent option after a long period of ownership.

Boundary Bend Limited, an unlisted public company is Australia's largest vertical olive oil producer and wholesaler. Boundary Bend owns the well-known brands of Cobram Estate and Red Island. It is now the Company's largest equity investment having doubled in value during the year.

TPI Enterprises manufactures pharmaceutical grade morphine and successfully moved its manufacturing facility from Tasmania to Victoria. TPI was originally a private equity investment of Gowings, prior to its listing during the year. TPI is well positioned to benefit from new sources of poppy straw which should help the company to realise its full potential.

DiCE Molecules, a US biotech company with unique technology to identify cures for currently incurable diseases, announced a successful agreement with Sanofi, the largest French Pharmaceutical company, to utilise DiCE's technology. The Sanofi agreement was an important milestone in the development of DiCE Molecules and should continue to support its working capital and operational requirements for the next five years.

During the year, the Company made a new investment in Hydration Pharmaceuticals Trust, a manufacturer and distributor of the Hydralyte rehydration products globally (excluding Australia and New Zealand). Hydration Pharmaceuticals has formed a major distribution partnership in the US with Emerson Inc. which has also become a foundation investor in the business. Hydration Pharmaceuticals successfully launched its range of products in the US earlier this year. The Hydralyte product, which is well known in Australia, has been well received in the US, however it is still very early days.

Managed Private Equities. During the year, the Company made commitments to two managed private equity managers including $1 million to 5V Fund II and $1.5 million to the Our Innovation Fund. Both these managers have significant amounts of their own personal capital committed to these funds and have positive track records of managing private equity investments. As at year-end our capital commitments remained uncalled.

The **Pacific Coast Shopping Centre Portfolio** continues to perform well and provide a steady source of income. Valuations remain buoyant and well supported as evidenced by recent market sales. As an active owner, the Company has progressed significant development opportunities at each of the centres and continues to work with local government and prospective retail partners to prove up the financial feasibility of each of the opportunities. The objective of each of the developments is to increase the income generating potential of the centres over the long-term.

MANAGING DIRECTOR'S REVIEW OF OPERATIONS

Port Central

Foot traffic and specialty retail sales at Port Central continue to benefit from a vibrant local economy which is being supported by strong tourism and a number of new developments in the area including a new university campus.

The Company has secured an option over an adjoining block of land to investigate the feasibility of expanding the centre and adding much needed additional car parking spaces.

At Port Central, the Company continues to look for ways to improve the customer experience. The Company is currently working towards installing a new digital audio-visual platform throughout the Centre, and initiating a significant upgrade to the public Wi-Fi system bringing the customer experience at Port Central to the same level being offered at Coffs Central.

Coffs Central

The Company has received development approval to extend the centre to create an additional 2,000m2 of retail space with proposed works due to commence in the second half of the calendar year. Further development applications have been lodged for long-term master planning of the property. The Company in partnership with Coffs Harbour City Council has completed an upgrade of the Harbour Drive intersection to improve traffic flow and pedestrian amenity around the centre.

Following the completion earlier this year of the car park upgrade by Council, there is a further $5 million of city centre works due to be commenced by Council in the next 18 months, aimed at further revitalising the City Centre of Coffs Harbour.

Kempsey Central

As outlined in the interim report, the Company was part of a successful joint application to secure a Federal grant to develop a cinema on top of Kempsey Central in partnership with Kempsey Council and a cinema operator. The Company is now working with Council and the Company's engineers to prove up the feasibility of the project.

The objective of the venture is to stimulate retail sales and employment in the town centre. The Company will continue to work constructively with the Kempsey Council and a local cinema operator to bring the opportunity to fruition.

Kempsey Central's retailers continue to enjoy strong sales growth. The amenity of Kempsey's CBD has improved substantially since the completion of the Pacific Highway Kempsey bypass and Kempsey Council's high street place making initiatives.

MANAGING DIRECTOR'S REVIEW OF OPERATIONS

Moonee Marketplace

The ongoing targeted leasing and capital works program has started to bear fruit with the signing of three strategically important tenants that will assist in creating a truly destinational centre. The Company also has several new leases currently in negotiation that should see the occupancy of the centre increase significantly during the next six months.

Moonee Marketplace continues to benefit from the opening of the dual carriageway between Coffs Harbour and Woolgoolga.

Infrastructure on the North Coast

The Company's Pacific Coast Shopping Centres are in a prime position to benefit from the significant upgrade to the Pacific Highway that is currently under construction. Anyone driving between Sydney and Brisbane will observe the extensive construction of roads and bridges currently underway. In the last six months, the Fredricktown bypass and the Urunga bypass have opened taking a further 30 minutes off the trip between Sydney and Brisbane.

OUTLOOK

There continues to be significant uncertainty in global markets characterised by high levels of volatility, negative interest rates, global imbalances, political uncertainty and growing government deficits. There have however been some improved signs of economic growth notably in the US, China and Australia. The portfolio remains cautiously positioned towards income yielding investments given the general uncertain outlook for capital growth.

The Company continues to hold above average cash reserves, which the Board believes is prudent in the current environment despite the prospect of earning the lowest rates of interest in living memory. The Company will continue to be on the lookout for sound long-term investments that will enhance shareholder returns.

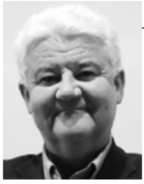
J. E. Gowing
Managing Director

31 October 2016

THE BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

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

DIRECTORS



Jonathan West
Chairman / Non-executive Director
Bachelor of Arts (Syd), PHD (Harvard)
Shareholdings: 397,581 shares

Professor West was appointed Chairman of the Company in 2016 and is a member of the Audit Committee.

Professor West has served as a strategic and investment advisor to the Company over the past ten years as an external consultant.

Professor West has devoted most of his academic career to Harvard University, where he spent 18 years and was Associate Professor in the Graduate School of Business.

In addition to his academic career, Professor West has extensive International and Australian business experience.

He is a board member of Boundary Bend Ltd, the Hydralyte Pharmaceuticals Trust, the Bruny Island Cheese Company and chairman of Hexima Ltd.

John Gowing
Managing Director
Bachelor of Commerce, CA, CPA
Shareholding: 20,881,150 shares

John serves as Managing Director and is a member of the Remuneration Committee.

Over the years, John has steered the Company through the various global economic times and has overseen significant expansion of the Company.

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

John Parker
Non-executive Director
Bachelor of Economics
Shareholding: 55,000 shares

John has served as an independent Non-executive Director of Gowings since January 2002. John is a coach with Foresight's Global Coaching, providing one-to-one business coaching to senior executives in Australia. John is Chairman of the Audit Committee.

John brings considerable experience to the board with over 33 years in equities research and funds management in Sydney, London and South Africa.

Robert Fraser
Non-executive Director
Bachelor of Economics, LL.B (Hons) (Syd)
Shareholding: 69,429 shares

Robert has served as an independent Non-executive Director of the Company since 2012 and is Chairman of the Remuneration Committee.

Robert is a corporate adviser and Company director with over 27 years of investment banking experience. He is presently the Sydney based Managing Director of TC Corporate Pty. Limited, the corporate advisory division of the stockbroking firm of Taylor Collison Limited of which he is also a Director and Principal.

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

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

Sean Clancy
Non-executive Director
Diploma of Marketing
Shareholding: 5,000 shares

Sean was appointed as an independent Non-executive Director of the Company in 2016 and is a member of the Remuneration Committee.

Sean grew his own business Creative Sales and Marketing Group from 1989 until 2007, when the business was sold to Clemenger BBDO. He has been a businessman with a career focus on sales and marketing. He successfully established and is currently CEO of Transfusion Ltd a business specialising in shopper marketing, licensing, merchandising and below the line marketing. Sean is a non-executive director of Mortgage Choice Ltd and is Board Ambassador to Business Events Sydney. He is also chairman of Metropolis, a brand marketing digital and media agency and Touch To Buy, a mobile application specialist.

EXECUTIVE MANAGEMENT

Garth Grundy
General Manager
Company Secretary
Bachelor of Commerce, CA, F Fin
Shareholding: 344,707 shares

Garth has 24 years of investment and corporate advisory experience gained from his past employment with Ernst & Young, Arthur Andersen, Coyne Capital and Hindal Corporate.

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

Justin Chorn
Chief Financial Officer
Company Secretary
Bachelor of Commerce, Post-Graduate Diploma in Accounting, CA
Shareholding: nil

Justin was appointed Chief Financial Officer in 2015 and has 16 years' experience across the banking, financial services and investment sectors.

Prior to joining Gowings, Justin served as CFO for TSC Capital in London, UK, a privately owned wealth management and private equity business with interests in mining, property and start-ups. He was previously with futures and options trading company, The Kyte Group Ltd and Investec plc.

DIRECTORS' REPORT

Your Directors are pleased to present their report on the Company for the year ended 31 July 2016.

Results

For the year ended	31 July 2016 $'000	31 July 2015 $'000
Operating profit for the year before income tax	31,445	27,180
Income tax expense	(9,455)	(8,066)
Net profit after income tax	21,990	19,114
Net profit attributable to members of Gowing Bros. Limited	21,990	19,114

Dividends

A final fully franked LIC dividend of 6.0 cents per share is to be paid to shareholders on 27 October 2016	$3,221,532
An interim fully franked LIC dividend of 6.0c per share was paid to shareholders on 28 April 2016	$3,221,532
A final fully franked dividend of 6.0c per share was paid to shareholders on 22 October 2015	$2,938,579
An interim fully franked dividend of 6.0c per share was paid to shareholders 24 April 2015	$2,938,579

Review of operations
The operations of the Company are reviewed in the Managing Director's 'Review of Operations' on page 3.

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.

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 3.

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

	Shares
Professor J. West (appointed 7 April 2016) Non-Executive Chairman BA (Syd), PHD (Harvard) Director since April 2016 Member of the Audit Committee 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	397,581
J. E. Gowing - Managing Director Executive Director Bachelor of Commerce Member of Chartered Accountants Australia and New Zealand Member of CPA Australia Member of the Remuneration Committee Director since 1983 No other directorships held in listed companies over the past 3 years	20,881,150
J. G. Parker Non-Executive Director Bachelor of Economics Director since 2002 Chairman of the Audit Committee Mr. Parker is a coach of senior executives, with over three decades as an investment professional. No other directorships held in listed companies over the past 3 years	55,000
R. D. Fraser Non-Executive Director Bachelor of Economics, Bachelor of Laws (Hons) Director since 2012 Member of the Audit Committee and Chairman of the Remuneration Committee Robert is a corporate adviser and company director with over 27 years of investment banking experience Robert is presently a director of Taylor Collison Limited and a non-executive director of ARB Corporation, F.F.I. Holdings Limited and Magellan Financial Group Limited	69,429
S. J. Clancy (appointed 7 April 2016) Non-Executive Director Diploma of Marketing Director since April 2016 Member of the Remuneration Committee Mr Clancy is an experienced businessman with a focus on sales and marketing Sean is presently a director of Mortgage Choice Limited, Metropolis Pty Ltd, Transfusion Pty Ltd and Touch To Buy Pty Ltd.	5,000

G. J. Grundy (appointed 8 December 2015) General Manager Company Secretary Bachelor of Commerce, CA, F Fin Secretary since December 2015 Garth also serves as General Manager to the Company	344,707
J. Chorn (appointed 8 December 2015) Chief Financial Officer Company Secretary Bachelor of Commerce, Post-Graduate Diploma in accounting, CA Company Secretary since December 2015 Justin also serves as Chief Financial Officer of the Company	-
W. A. Salier - Chairman (resigned 7 April 2016) Non-Executive Bachelor of Arts, LL.B., LL.M. (Harvard) Director and Chairman until April 2016 Member of the Audit Committee	60,272
J. Zulman (resigned 8 December 2015) Company Secretary BA Law, Diploma Jurisprudence Secretary until December 2015	-

Meetings of Directors

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

	Board Meetings		Audit Committee Meetings		Remuneration Committee Meetings	
	Meetings eligible to attend	Attended	Meetings eligible to attend	Attended	Meetings eligible to attend	Attended
Prof J. West	4	3	-	-	-	-
J. E. Gowing	10	10	-	-	1	1
J. G. Parker	10	10	2	2	-	-
R. D. Fraser	10	10	2	2	1	1
S. J. Clancy	4	4	-	-	-	-
W. A. Salier	6	6	2	2	-	-

Remuneration report

The Company's remuneration report, which forms a part of the Directors' Report, is on pages 17 to 19.

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 51.

Shares under option

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

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

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company are important.
The Board of Directors has considered the position in accordance with advice received from the Audit Committee and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

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

Audit and non-audit fees
During the year the following fees were paid or payable for services provided by the auditor of the Company and its related practices.

	2016 $	2015 $
Audit services		
Audit and review of financial reports and other audit work under the Corporations Act 2001	83,500	90,000
Taxation services		
Tax compliance services, including review of Company income tax returns	14,000	16,250
General tax advisory services	7,150	3,300

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

Sydney
31 October 2016

J. E. Gowing
Director

Sydney
31 October 2016

REMUNERATION REPORT

The Remuneration Report is set out under the following main headings:

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

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

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

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

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

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 2016 were:

- Prof. J. West, Chairman of the Board (appointed 7 April 2016)
- J. G. Parker
- R. D. Fraser
- S. J. Clancy (appointed 7 April 2016)
- W. A. Salier, Chairman of the Board (resigned 7 April 2016)

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

There is no scheme to provide retirement benefits to Non-executive Directors.

Executives
Executives are officers of the Company who are involved in, concerned with, take part in and are able to influence decisions in the management of the affairs of the Company. Persons who were executives for all or part of the financial year ended 31 July 2016 were:

- J. E. Gowing, Managing Director
- G. J. Grundy, General Manager and appointed joint Company Secretary 8 December 2015
- J. Chorn, Chief Financial Officer and appointed joint Company Secretary 8 December 2015
- J. Zulman, Company Secretary, resigned 8 December 2015

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. The 2016 Financial Year bonus is limited to 40% of the base package of the relevant executive, subject to the discretion of the Committee, for exceptional performance.

Details of remuneration

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

2016					Share based	Post – employment	Long term	Total
	Cash salary and fees	Cash bonus	Movement in provision for annual leave	Non-monetary benefits	Share bonus	Superannuation	Movement in provision for long service leave	
Non-executive Directors								
Prof. J. West (Chairman)[1]	8,676	-	-	-	-	824	-	9,500
J. G. Parker	50,000	-	-	-	-	10,000	-	60,000
R. D. Fraser	54,795	-	-	-	-	5,205	-	60,000
W. A. Salier (Chairman)[3]	54,888	-	-	-	-	-	-	54,888
S. J. Clancy[1]	14,238	-	-	-	-	1,374	-	15,612
Non-executive Directors	182,597	-	-	-	-	17,403	-	200,000
Executive Directors								
J. E. Gowing	227,169	100,000	(3,654)	5,582	-	31,081	15,034	375,212
Other key management personnel[4]								
G. J. Grundy[2]	280,582	-	(9,320)	-	120,000	30,311	12,975	434,548
J. Chorn[2]	188,807	-	9,370	-	-	17,937	3,518	219,632
Total key management personnel compensation	879,155	100,000	(3,604)	5,582	120,000	96,732	31,527	1,229,392

[1] Prof. J. West and S. J. Clancy were both appointed 7 April 2016
[2] G. J. Grundy and J. Chorn were both appointed joint Company secretary 8 December 2015
[3] W. A. Salier resigned 7 April 2016
[4] J. Zulman was Company Secretary to 8 December 2015 and was not remunerated for these services

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

[1]J.S. Byers resigned in January 2015

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

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

	2016 %	2015 %	2016 %	2015 %
Executive Directors				
J. E. Gowing	73	71	27	29
Other key management personnel				
G. J. Grundy	72	67	28	33
J. Chorn	100	-	-	-
J. S. Byers	-	100	-	-
M. D. de Lepervanche	-	79	-	21

Service agreements

There are service agreements in place with J. Parker, R. Fraser, J. Gowing, Prof. J. West, S. Clancy, G. Grundy and J. Chorn.

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 2016 of $295,000, to be reviewed annually by the Remuneration Committee
- Non-monetary benefits included motor vehicle and FBT related charges for the year ended 31 July 2016 of $5,582
- No termination benefit is payable

G. J. Grundy, General Manager and Company Secretary

- No fixed term
- Base salary, inclusive of superannuation, as at 31 July 2016 of $286,018, to be reviewed annually by the Remuneration Committee
- Other benefits included motor vehicle allowance for the year ended 31 July 2016 of $28,982
- No termination benefit is payable

J. Chorn, Chief Financial Officer and Company Secretary

- No fixed term
- Base salary, inclusive of superannuation, as at 31 July 2016 of $220,000, to be reviewed annually by the Remuneration Committee
- No termination benefit is payable

Additional information

Employee Share & Option Scheme:

The scheme is operational. No shares or options were issued under this scheme during the year.

Deferred Employee Share Plan Scheme:

All employees 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:

	2016	2015	2014	2013	2012
Net Profit after tax	$22.0m	$19.1m	$14.1m	$7.3m	$6.0m
Basic and diluted earnings per share	40.92c	35.48c	26.10c	13.50c	11.07c
Dividends per share	12.0c	12.0c	12.0c	11.5c	11.0c
Share buy back – number of shares	181k	20k	7k	-	-
Share buy back – value	$565k	$58k	$19k	-	-
Share price at financial year end	$3.62	$3.20	$2.78	$2.60	$2.10

ASX LISTING REQUIREMENTS

1. Shareholders at 30 September 2016

Range of shares	No. of shareholders
1 – 1,000 shares	273
1,001 – 5,000 shares	421
5,001 – 10,000 shares	178
10,001 – 100,000 shares	318
Over 100,000 shares	37
Total shareholders	1,227

The number of shareholdings held in less than marketable parcels is 93.

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

3. Substantial shareholders at 30 September 2016
The substantial shareholders as defined by Section 9 of the *Corporations Act 2001* are:

John Edward Gowing	20,881,150	Ordinary shares
Carlton Hotel Limited	4,701,144	Ordinary shares
RBC Investor Services Australia nominees Pty Limited	4,635,274	Ordinary shares
JP Morgan Nominees Australia Limited	3,657,013	Ordinary shares

4. Top 20 equity security holders at 30 September 2016
In accordance with *Australian Securities Exchange Listing Rule 4.10*, the top 20 equity security holders are:

		No. of ordinary shares	% of issued shares
1	Warwick Pty Limited	7,211,378	13.43
2	Audley Investments Pty Limited	5,263,957	9.80
3	Carlton Hotel Limited	4,701,144	8.76
4	RBC Investor Services Australia Nominees Pty Limited	4,635,274	8.63
5	Mr John Edward Gowing	3,676,709	6.85
6	J P Morgan Nominees Australia Limited	3,657,013	6.81
7	Woodside Pty Limited	3,105,594	5.78
8	Josseck Pty Limited	1,337,622	2.49
9	Mr John Gowing	1,187,189	2.21
10	Mr Frederick Bruce Wareham	905,114	1.69
11	Enbeear Pty Limited	636,829	1.19
12	Beta Gamma Pty Limited	605,000	1.13
13	Mrs Jean Kathleen Poole-Williamson	568,443	1.06
14	T N Philiips Investments Pty Limited	550,000	1.02
15	Mr Graeme Legge	548,200	1.02
16	Mythia Pty Limited	423,500	0.79
17	Cadmea Pty Limited	345,436	0.64
18	Cadmea Pty Limited	344,707	0.64
19	C H Smith & Sons Proprietary Limited	328,704	0.61
20	Melbourne Business School Limited	300,000	0.56
	Total	**40,331,813**	**75.12**
	Total issued share capital	53,692,199	

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

The financial statements were authorised for issue by the Directors on 31 October 2016. The Directors have the power to amend and reissue the financial statements.

STATEMENT OF PROFIT OR LOSS

For the year ended	Notes	31 July 2016 $'000	31 July 2015 $'000
Revenue			
Interest income		306	224
Equities		1,587	1,621
Private equities	5	1,156	-
Investment properties	16	19,094	19,086
Total revenue		**22,143**	**20,931**
Other income			
Gains / (losses) on disposal or revaluation of:			
Equities	13	18,581	1,258
Private equities	14	43	(169)
Investment properties	16	7,665	17,086
Development properties		17	472
Derivatives		(1,100)	-
Other income		(327)	1,420
Total other income		**24,879**	**20,067**
Total revenue and other income		**47,022**	**40,998**
Expenses			
Investment property	16	7,293	7,416
Administration		1,177	1,039
Borrowing cost	5	3,007	3,123
Depreciation	17	133	124
Employee benefits		1,718	1,427
Public Company		609	423
Total expenses		**13,937**	**13,552**
Profit from continuing operations before impairment & income tax expense		**33,085**	**27,446**
Unrealised impairment - equities		(1,640)	(266)
Profit before income tax expense		**31,445**	**27,180**
Income tax expense	6	(9,455)	(8,066)
Profit from continuing operations		**21,990**	**19,114**

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

STATEMENT OF OTHER COMPREHENSIVE INCOME

For the year ended	Notes	31 July 2016 $'000	31 July 2015 $'000
Profit from continuing operations		**21,990**	**19,114**
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Transfer from unrealised reserves for realised (gains) / losses net of tax		(6,862)	324
Increase in fair value of investments net of tax		2,716	3,066
Gain on revaluation of property, plant and equipment net of tax		692	-
Total comprehensive income attributable to members of Gowing Bros. Limited		**18,536**	**22,504**
Basic earnings per share	36	40.92c	35.48c
Diluted earnings per share	36	40.92c	35.48c

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

STATEMENT OF FINANCIAL POSITION

As at	Notes	31 July 2016 $'000	31 July 2015 $'000
Current assets			
Cash and cash equivalents	7	20,997	12,839
Development properties	8	535	1,264
Loans receivable	12	2,394	1,202
Trade and other receivables	9	1,908	868
Other	10	618	679
Total current assets		**26,452**	**16,852**
Non-current assets			
Receivables	11	99	304
Equities	13	47,774	51,905
Private equities	14	2,679	2,604
Development properties	15	1,463	1,454
Investment properties	16	192,716	182,787
Property, plant and equipment	17	4,890	3,074
Deferred tax assets	18	4,191	4,331
Other	19	1,827	2,231
Total non-current assets		**255,639**	**248,690**
Total assets		**282,091**	**265,542**
Current liabilities			
Trade and other payables	20	3,332	2,083
Borrowings	21	27,775	5,955
Derivatives		1,100	-
Current tax liabilities	22	3,943	492
Provisions	23	263	185
Total current liabilities		**36,413**	**8,715**
Non-current liabilities			
Borrowings	24	21,000	47,000
Provisions	25	237	189
Deferred tax liabilities	26	25,861	22,867
Total non-current liabilities		**47,098**	**70,056**
Total liabilities		**83,511**	**78,771**
Net assets		**198,580**	**186,771**
Equity			
Contributed equity	27	12,652	13,217
Reserves	28	104,590	108,044
Retained profits		81,338	65,510
Total equity		**198,580**	**186,771**

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

STATEMENT OF CHANGES IN EQUITY

	Contributed Equity $'000	Capital Profits Reserve-Pre CGT Profits $'000	Revaluation Reserves $'000	Retained Profits $'000	Total $'000
Balance at 1 August 2014	13,275	90,503	14,151	52,273	170,202
Total comprehensive income for the year	-	-	3,390	19,114	22,504
Transactions with owners in their capacity as owners:					
Share buy-back	(58)	-	-	-	(58)
Dividends paid	-	-	-	(5,877)	(5,877)
Balance at 31 July 2015	13,217	90,503	17,541	65,510	186,771
Total comprehensive income for the year	-	-	(3,454)	21,990	18,536
Transactions with owners in their capacity as owners:					
Share buy-back	(565)	-	-	-	(565)
Dividends paid	-	-	-	(6,162)	(6,162)
Balance at 31 July 2016	**12,652**	**90,503**	**14,087**	**81,338**	**198,580**

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

STATEMENT OF CASH FLOWS

For the year ended	Notes	31 July 2016 $'000	31 July 2015 $'000
Cash flows from operating activities			
Receipts in the course of operations (inclusive of GST)		22,046	21,360
Payments to suppliers and employees (inclusive of GST)		(11,325)	(10,052)
Dividends received		1,587	1,621
Interest received		306	240
Borrowing costs		(3,007)	(3,123)
Income taxes paid		(1,359)	56
Net cash inflows from operating activities	**37**	**8,248**	**10,102**
Cash flows from investing activities			
Payments for purchases of properties, plant and equipment		(197)	(222)
Payments for purchases of development properties		(163)	(390)
Payments for purchases of investment properties		(3,850)	(2,818)
Payments for purchases of equity investments		(12,346)	(7,572)
Loans made		(2,003)	(381)
Proceeds from sale of properties, plant and equipment		90	-
Proceeds from sale of financial assets		27,463	7,051
Proceeds from sale of investment properties		146	649
Proceeds from loans on development properties		811	676
Proceeds from sale of development properties		866	828
Proceeds from sale of other assets		-	1
Net cash inflows/(outflows) from investing activities		**10,817**	**(2,178)**
Cash flows from financing activities			
Payments for share buy-backs		(565)	(58)
Proceeds from borrowings		-	3,768
Repayment of borrowings		(4,180)	(161)
Dividends paid		(6,162)	(5,877)
Net cash (outflows) from financing activities		**(10,907)**	**(2,328)**
Net increase in cash held		8,158	5,596
Cash and cash equivalents at the beginning of the financial year		12,839	7,243
Cash and cash equivalents at the end of the financial year		**20,997**	**12,839**

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

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of equities (available-for-sale financial assets), private equities (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 financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Areas involving a higher degree of judgement and complexity or where assumptions and estimates are significant to the financial statements are disclosed in note 3.

New and amended standards adopted
The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these standards did not have a material impact.

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

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

- Cash and fixed interest
- Equities
- Private equities
- Investment properties
- Development properties
- Other

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

(g) Revenue recognition
Revenue is recognised for the major business activities as follows:

(i) *Equities*
Dividend income is recognised when received. Revenue from the sale of investments is recognised at trade date.

(ii) *Property rental*
Rental income is recognised in accordance with the underlying rental agreements.

(iii) *Land development and sale*
Revenue is recognised on settlement.

(iv) *Property construction and sale*
Contract revenue and expenses are recognised in accordance with the percentage completion method unless the outcome of the contract cannot be reliably estimated. Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense when incurred, and where it is probable that costs will be recovered, revenue is recognised to the extent of costs incurred. Where it is probable that a loss will arise from a construction contract, the excess of the total expected contract costs over total expected contract revenue is recognised as an expense immediately.

(v) *Other investment revenue*
Changes in fair value of private equities are recognised through profit or loss. Trust income and option income is recognised when earned.

(vi) *Other property revenue*
Other property revenue is recognised in accordance with underlying agreements.

(vii) *Interest revenue*
Interest income is recognised on an accrual basis.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(i) Investments and other financial assets
The Company classifies its investments in the following categories: private equities (financial assets at fair value through profit or loss) and equities (available-for-sale financial assets). The classification depends on the purpose for which it was acquired. Management determines the classification on initial recognition.

(i) Equities
Equities, comprising principally marketable equity securities, are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the statement of financial position date.

(ii) Private equities
Private equities are held with the view that they are long term investments.

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

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

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

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

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

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

(l) Trade and other payables
These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days after the end of the month of recognition.

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Employee entitlements

(i) Wages, salaries and annual leave

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

(ii) Long service leave

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

(p) Borrowing costs

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

(q) Cash and cash equivalents

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

(r) Leases

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

(s) Earnings per share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

(t) Rounding of amounts

The company is of a kind referred to in 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) New accounting standards and interpretations
The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods and which the Company has decided not to early adopt. A discussion of those future requirements and their impact on the Company is as follows:

AASB 9 Financial Instruments (applicable for annual reporting periods commencing on or after 1 January 2018)

AASB 9 includes requirements for the classification and measurement of financial assets, the accounting requirements for financial liabilities, impairment testing requirements and hedge accounting requirements.

The changes made to accounting requirements by these standards include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value and an allowance for debt instruments to be carried at fair value through other comprehensive income in certain circumstances
- simplifying the requirements for embedded derivatives
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument
- financial assets will need to be reclassified where there is a change in an entity's business model as they are initially classified based on (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows
- amending the rules for financial liabilities that the entity elects to measure at fair value, requiring changes in fair value attributed to the entity's won credit risk to be presented in other comprehensive income
- introducing new general hedge accounting requirements intended to more closely align hedge accounting with risk management activities as well as the addition of new disclosure requirements
- requirements for impairment of financial assets

The Company is yet to assess its full impact however initial indications are that it may affect the Company's accounting of its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading.

AASB 15 Revenue from Contracts with Customers (applicable for annual reporting periods commencing on or after 1 January 2018)

AASB 15 establishes a single, comprehensive framework for revenue recognition, and replaces the previous revenue Standards AASB 118 Revenue and AASB 111 Construction Contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The Company is yet to assess its full impact, however initial indications are that it will not have a material impact on the current accounting of the Company.

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

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

2. FINANCIAL RISK MANAGEMENT

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

Market risk

(i) Foreign exchange risk

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

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

	31 July 2016			31 July 2015		
Currency exposure in AUD	USD $'000	EUR $'000	GBP $'000	USD $'000	EUR $'000	GBP $'000
Cash	2,696	-	1,179	10,372	-	1,438
Development and investment properties	1,109	-	-	1,984	-	-
Loans receivable	391	-	-	1,201	-	-
Bank Loans	-	-	-	294	-	-
Equities	4,008	-	-	1,349	-	-
Private equities	777	236	-	503	382	-

Based on the cash held at 31 July 2016, if the Australian dollar weakened / strengthened by 10% against the US dollar cash would have been $299,583 higher / $245,114 lower (2015: $1,152,395 higher / $942,869 lower). If the Australian dollar weakened / strengthened by 10% against the GBP cash would have been $130,983 higher / $107,168 lower (2015: $159,798 higher / $130,743 lower).

Based on the development and investment properties held at 31 July 2016, if the Australian dollar weakened / strengthened by 10% against the US dollar development and investment properties would have been $123,170 higher / $100,775 lower (2015: $199,554 higher / $197,530 lower).

Based on the loans receivables held at 31 July 2016, if the Australian dollar weakened / strengthened by 10% against the US dollar loans receivables would have been $43,414 higher / $35,520 lower (2015: $133,553 higher / $109,271 lower).

There are no foreign currency bank loans held at 31 July 2016. If the Australian dollar weakened / strengthened by 10% against the US dollar bank loans would have been $nil higher / $nil lower (2015: $32,748 higher / $26,794 lower).

Based on the equities held at 31 July 2016, if the Australian dollar weakened / strengthened by 10% against the US dollar equities would have been $295,444 higher / $241,729 lower (2015: $149,898 higher / $122,644 lower).

Based on the private equities held at 31 July 2016, if the Australian dollar weakened / strengthened by 10% against the Euro private equities would have been $26,203 higher / $21,439 lower (2015: $42,509 higher / $34,780 lower). If the Australian dollar weakened / strengthened by 10% against the US dollar private equities would have been $86,327 higher / $70,632 lower (2015: $55,911 higher / $45,745 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.

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

(ii) Price risk

The Company is exposed to asset price risk. This arises from equities and private equities held by the Company and classified on the Statement of Financial Position either as available-for-sale or at fair value through profit or loss. A price reduction at 5% and 10% spread equally over the investment portfolio would reduce its value by $2,522,665 (2015: $2,725,439) and $5,045,830 (2015: $5,450,879) respectively.

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

(iii) Cash flow and fair value interest rate risk

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

As at the reporting date, the Company had the following variable rate borrowings and embedded derivative interest rate swap contracts in use:

	31 July 2016		31 July 2015	
	Weighted average interest rate	Balance $'000	Weighted average interest rate	Balance $'000
Borrowings	3.87%	48,775	4.34%	52,955
Interest rate swaps (notional principal amount)	4.73%	(35,000)	4.98%	(35,000)
Net exposure to cash flow interest rate risk		13,775		17,955

The Company has entered into a forward swap contract with Commonwealth Bank of Australia for $20million (notional principal amount) commencing 19 December 2016 with a fixed interest rate of 3.3% and expiry 12 February 2019. This forward swap contract is not included in the table above.

Credit risk
The Company has loan receivables of $2.4m which are secured against land and development properties. The Company has no material exposure to trade receivables.

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

Maturity of Financial Liabilities

31 July 2016	Less than 1 year	Between 1-2 years	Between 2-5 years	Over 5 years	Total contractual cash flow
	$'000	$'000	$'000	$'000	$'000
Non-derivatives					
Non-interest bearing	3,332	-	-	-	3,332
Variable rate	27,775	7,000	14,000	-	48,775
Total non-derivatives	31,107	7,000	14,000	-	52,107
Derivatives					
Fixed rate	1,100	-	-	-	1,100

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

31 July 2015	Less than 1 year	Between 1-2 years	Between 2-5 years	Over 5 years	Total contractual cash flow
	$'000	$'000	$'000	$'000	$'000
Non-derivatives					
Non-interest bearing	2,083	-	-	-	2,083
Variable rate	5,661	40,000	7,000	-	52,661
Fixed rate	294	-	-	-	294
Total	8,038	40,000	7,000	-	55,038

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

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

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

The following tables present the Company's assets and liabilities measured at fair value at 31 July 2016 and 31 July 2015.

31 July 2016	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Financial assets - available for sales				
Investments - Australian equities	33,097	-	10,669	43,766
Investments - Global equities	-	-	4,008	4,008
Financial assets - designated at fair value through profit or loss				
Investments - private equities	-	-	2,679	2,679
Investments - properties	-	-	192,716	192,716
Other assets - designated at fair value				
Freehold - properties	-	-	4,217	4,217
Financial liabilities - designated at fair value through profit or loss				
Derivatives	-	(1,100)	-	(1,100)
Total financial assets and liabilities	33,097	(1,100)	214,289	246,286

31 July 2015	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Financial assets - available for sales				
Investments - Australian equities	42,037	-	8,519	50,556
Investments - Global equities	-	-	1,349	1,349
Financial assets - designated at fair value through profit or loss				
Investments - private equities	-	-	2,604	2,604
Investments - properties	-	-	182,787	182,787
Other assets - designated at fair value				
Freehold - properties	-	-	2,381	2,381
Total financial assets	42,037	-	197,640	239,677

2. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

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

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

31 July 2016	Level 3
Reconciliation of level 3 fair value movements	**$'000**
Opening balance	197,640
Transfers to level 1	(2,000)
Purchases	7,500
Sales	(388)
Amortisation and depreciation	(1,178)
Gain recognised in profit or loss or other comprehensive income	12,715
Closing balance	214,289

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

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

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Managed and Direct Private Equity

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

The impact of the revaluation of managed private equities at 31 July 2016 was a loss of $17,824 (2015: a loss of $1,326,390) recognised in profit or loss.

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

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 $7,665,000 during 2016 (2015: gain of $17,086,000).

4. SEGMENT INFORMATION

The Company operates only in Australia and comprises of the following business segments, based on the company's management reporting systems:

- Cash and fixed interest
- Equities
- Private equities
- Investment properties
- Development properties
- Other

For the year ended	31 July 2016 $'000	31 July 2015 $'000
Segment revenue		
Cash and fixed interest – interest received	306	224
Equities – dividends and option income	1,587	1,621
Private equities – distributions received	1,156	-
Investment properties – rent received	19,094	19,086
	22,143	**20,931**
Segment other income		
Equities – realised gains on disposal	18,581	1,258
Private equities – unrealised fair value gains/(losses)	43	(169)
Investment properties – unrealised fair value gains	7,665	17,086
Development properties – realised gains on disposal	17	472
Other	(1,427)	1,420
	24,879	**20,067**
Total segment revenue and other income	**47,022**	**40,998**
Segment result		
Cash and fixed interest	306	224
Equities	18,528	2,613
Private equities	1,199	(169)
Investment properties	16,459	25,634
Development properties	17	472
Other	(5,064)	(1,594)
	31,445	**27,180**
Income tax (expense)	(9,455)	(8,066)
Net profit after tax	**21,990**	**19,114**

4. SEGMENT INFORMATION (CONTINUED)

As at	31 July 2016 $'000	31 July 2015 $'000
Segment assets		
Cash and other receivable	22,164	14,142
Equities	47,774	51,905
Private equities	2,679	2,604
Investment properties	192,716	182,787
Development properties	2,389	3,920
Unallocated assets	14,369	10,184
Total assets	282,091	265,542
Segment liabilities		
Investment properties	48,775	49,195
Unallocated liabilities	34,736	29,576
Total liabilities	83,511	78,771
Payments for the acquisition of:		
- Investment properties	3,850	2,818
- Development properties	163	390
- Equities	12,346	7,572
Gains / (losses) on disposal or revaluation of:		
- Investment properties	7,665	17,086
- Development properties	17	472
- Equities	18,581	1,258
- Private equities	43	(169)
- Impairment – equities	(1,640)	(266)
Unallocated:		
- Depreciation	133	123
- Payments for the acquisition of property, plant and equipment	197	222

Accounting policies

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

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

Segment cash flows

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

5. OPERATING PROFIT

For the year ended	31 July 2016 $'000	31 July 2015 $'000
Profit from continuing operations before income tax expense includes the following specific items:		
Gains		
Private equity investment distributions	1,156	-
Expenses		
Interest paid	3,007	3,123

6. INCOME TAX EXPENSE

Current tax	4,409	618
Deferred tax	4,695	7,709
(Over) / under provided in prior years	351	(261)
	9,455	8,066
Income tax attributable to:		
Profit from continuing operations	9,455	8,066
Aggregate income tax expense on profit	9,455	8,066
Reconciliation of income tax expense to prima facie tax payable		
Profit from continuing operations before income tax expense	31,445	27,180
Tax at the Australian tax rate of 30% (2015: 30%)	9,433	8,154
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-assessable income	54	(142)
Franked dividends	(383)	(422)
(Over) / under provision in prior year	351	(261)
Recognition of deferred tax asset	-	737
Income tax expense	9,455	8,066
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	(1,480)	1,453

7. CASH AND CASH EQUIVALENTS

As at	31 July 2016 $'000	31 July 2015 $'000
Cash at bank and on hand	20,997	12,839

8. CURRENT DEVELOPMENT PROPERTIES

As at	31 July 2016 $'000	31 July 2015 $'000
Development Properties	535	1,264

9. TRADE AND OTHER RECEIVABLES

Trade debtors	2,130	1,024
Less: Provision for doubtful debts	(222)	(156)
Balance at end of year	1,908	868

10. OTHER CURRENT ASSETS

Prepayments	618	679

11. NON-CURRENT RECEIVABLES

Loans to employees	2	3
Other loans	97	301
Balance at end of year	99	304

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

12. LOAN RECEIVABLES

Loan to property developers	2,394	1,202

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

13. EQUITIES

At fair value		
Balance at beginning of year	51,905	43,790
Revaluation to fair value	(5,923)	4,843
Additions	12,072	7,062
Impairment	(1,640)	(266)
Disposal proceeds	(27,221)	(4,782)
Net gain on disposal	18,581	1,258
Balance at end of year	47,774	51,905

Changes in fair value of equities are recorded in equity.

14. PRIVATE EQUITIES

As at	31 July 2016 $'000	31 July 2015 $'000
At fair value through profit or loss		
Balance at beginning of year	2,604	4,029
Revaluation to fair value	(18)	(1,327)
Additions	274	510
Disposal proceeds	(242)	(1,766)
Net gain on disposal	61	1,158
Balance at end of year	2,679	2,604

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		
Development Properties	1,463	1,454

16. NON-CURRENT INVESTMENT PROPERTIES

At fair value		
Balance at beginning of year	182,787	164,627
Additions	4,435	2,818
Disposal proceeds	(146)	(649)
Transfers in / (out)	(880)	-
Gain on disposal	-	173
Amortisation on incentives	(1,145)	(1,095)
Net gain from fair value adjustment	7,665	16,913
Balance at end of year	192,716	182,787

Amounts recognised in profit of loss for investment properties		
Rental revenue	19,094	19,086
Direct operating expenses from rental generating properties	(7,293)	(7,416)
Gain on revaluation	7,665	16,913
Gain on disposal	-	173
	19,466	28,756

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

16. NON-CURRENT INVESTMENT PROPERTIES (CONTINUED)

	Valuation Method	Weighted average cap rate 2016	Weighted average cap rate 2015	31 July 2016 $'000	31 July 2015 $'000
Sub-regional shopping centres (Coffs Central & Port Central)	(a)	7.29%	7.55%	147,747	139,747
Neighbourhood shopping centres (Kempsey Central and Moonee Marketplace)	(a)	8.26%	8.43%	34,238	33,000
Other properties	(b)	n/a	n/a	10,731	10,040
				192,716	**182,787**

(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 centre. The higher the capitalisation rate, the lower the fair value. Capitalisation rates used at 31 July 2016 were based on management prepared valuations and externally prepared appraisals.
(b) Current prices in an active market for properties of similar nature or recent prices of different nature in less active markets.

17. PROPERTY, PLANT AND EQUIPMENT

	Freehold Properties $'000	Motor vehicles $'000	Furniture, fittings & equipment $'000	Total $'000
Year ended 31 July 2016				
Opening net book amount	2,381	278	415	3,074
Additions	-	115	82	197
Disposals	-	(117)	-	(117)
Transfers in / (out)	880	-	-	880
Revaluation to fair value	989	-	-	989
Depreciation charge	(33)	(49)	(51)	(133)
Closing net book amount	4,217	227	446	4,890
At 31 July 2016				
Cost or fair value	4,546	414	940	5,900
Accumulated depreciation	(329)	(187)	(494)	(1,010)
Net book amount	4,217	227	446	4,890
Year ended 31 July 2015				
Opening net book amount	2,338	225	412	2,975
Additions	73	92	57	222
Depreciation charge	(30)	(39)	(54)	(123)
Closing net book amount	2,381	278	415	3,074
At 31 July 2015				
Cost or fair value	2,677	416	858	3,951
Accumulated depreciation	(296)	(138)	(443)	(877)
Net book amount	2,381	278	415	3,074

18. DEFERRED TAX ASSETS

As at	31 July 2016 $'000	31 July 2015 $'000
The balance comprises temporary differences attributable to:		
Employee benefits	140	109
Accruals	283	224
Equities	1,961	1,470
Tax losses	-	1,179
Private equities	1,134	1,141
Derivatives	330	-
Other	343	208
Net deferred tax assets	4,191	4,331
Movements:		
Opening balance at 1 August	4,331	5,679
(Debited) / credited to profit or loss	(140)	(1,348)
Closing balance at 31 July	4,191	4,331
Deferred tax assets to be recovered after 12 months	877	2,611
Deferred tax assets to be recovered within 12 months	3,314	1,720
	4,191	4,331

19. OTHER NON-CURRENT ASSETS

Other assets	1,827	2,231

20. TRADE AND OTHER PAYABLES

Trade creditors	1,893	1,099
Other creditors and accruals	1,439	984
	3,332	2,083

21. CURRENT BORROWINGS

Bill payable – secured	27,775	1,900
Fixed loan – secured	-	294
Variable loan – secured	-	3,761
	27,775	5,955

Risk
The Company's exposure to interest rate changes arising from current and non-current borrowings is set out in note 2.
Refinancing / Repayment
The Company expects to renew or refinance current borrowing facilities on normal commercial terms and rates that are acceptable to the Company prior to the respective repayment dates. Alternatively, the company 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 Company'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 24.

As at	31 July 2016 $'000	31 July 2015 $'000
22. TAX LIABILITIES		
Income tax	3,943	492
23. CURRENT PROVISIONS		
Employee entitlements	248	185
Other	15	-
	263	185
24. NON-CURRENT BORROWINGS		
Bill payable – secured	21,000	47,000

Risk
The Company's exposure to interest rate changes arising from current and non-current borrowings is set out in note 2.
Security
Details of the security relating to each of the secured liabilities and further information on banks loans are set out below.

Total secured liabilities		
The total secured liabilities (current and non-current) are as follows:		
Bills payable[1]	48,775	48,900
Fixed loan	-	294
Variable loan	-	3,761
	48,775	52,955

Assets pledged as security
[1]$1.775m bill is secured against Bong Bong St, Bowral & 35-39 Wharf St, Forster; the facility is BBSY plus 1.19%.

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

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

[1]$14.0 million bill is secured against Coffs Central SC; the facility is BBSY plus 1.55%. The bank requires the business and Company to meet certain financial ratios: the SC business must have a minimum interest coverage ratio of 3.0 times; the SC loan to valuation ratio not to exceed 40% (the LVR is measured against the specific asset/debt under this approval); the weighted average lease term (WALT) of the security must be not less than 2 years.

The Company has complied with the borrowing ratios.

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

Total facilities		
Unsecured bank overdrafts	1,000	1,000
Secured bill facilities	48,775	48,900
Secured loan facilities	-	4,055

24. NON-CURRENT BORROWINGS (CONTINUED)

	49,775	53,955
Used at balance date		
Secured bill facilities	48,775	48,900
Secured loan facilities	-	4,055
	48,775	52,955
Unused at balance date		
Unsecured bank overdrafts	1,000	1,000
	1,000	1,000

The interest rates during the year and at balance date were up to a maximum of 5.5% on the secured bill facilities (2015: 5.59%).

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

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

25. NON-CURRENT PROVISIONS

As at	31 July 2016 $'000	31 July 2015 $'000
Employee entitlements	219	179
Other provisions	18	10
	237	189

26. DEFERRED TAX LIABILITIES

The balance comprises temporary differences attributable to:		
Prepayments	186	131
Foreign exchange	-	331
Investment properties	19,674	14,887
Equities	5,705	7,518
Other	296	-
Net deferred tax liabilities	25,861	22,867
Movements:		
Opening balance at 1 August	22,867	14,915
Charged / (credited) to profit or loss	4,474	6,499
Charged / (credited) to equity	(1,480)	1,453
Closing balance at 31 July	25,861	22,867
Deferred tax liabilities to be settled within 12 months	186	-
Deferred tax liabilities to be settled after 12 months	25,675	22,867
	25,861	22,867

27. CONTRIBUTED EQUITY

	Number of shares 2016	Number of shares 2015	2016 $'000	2015 $'000
Share capital				
Ordinary shares fully paid	53,692,199	48,976,317	12,652	13,217

Movements in ordinary share capital

Date	Details	Number of shares	Issue price per share	$'000
31/07/2015	Balance	48,976,317		13,217
16/10/2015	Share buy back	(110,000)	$3.10	(341)
20/10/2015	Share buy back	(23,962)	$3.05	(73)
21/10/2015	Share buy back	(17,338)	$3.05	(53)
02/11/2015	Share buy back	(30,102)	$3.24	(98)
05/11/2015	Bonus issue	4,897,284	$0.00	-
31/07/2016	Balance	53,692,199		12,652

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 remains suspended for current and future dividends.

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

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

On-market share buy back
181,402 shares were bought back during the year (2015: 20,250).

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

28. RESERVES

	31 July 2016 $'000	31 July 2015 $'000
Movements		
Capital profits reserve[1]		
Opening balance	90,503	90,503
Transfer from retained profits	-	-
Closing balance	90,503	90,503
Long term investment revaluation reserve[2]		
Opening balance	17,541	14,151
Fair value adjustments on available for sale assets		
- Equities	(5,923)	4,843
- Deferred tax applicable to fair value adjustments	1,777	(1,453)
Closing balance	13,395	17,541

	31 July 2016 $'000	31 July 2015 $'000
Asset revaluation reserve[3]		
Opening balance	-	-
Fair value adjustments on property, plant and equipment		
- Property, plant and equipment	989	-
- Deferred tax applicable to fair value adjustments	(297)	-
Closing balance	692	-
Total reserves	104,590	108,044

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

29. DIVIDENDS

Ordinary shares		
2015 final dividend of 6.0 cents (2014: 6.0 cents final) per share	2,940	2,939
2016 interim dividend of 6.0 cents (2015: 6.0 cents interim) per share	3,222	2,938
Total dividends declared	6,162	5,877
Dividends paid in cash	6,162	5,877
	6,162	5,877

Franked dividends declared and paid during the year were fully franked at the tax rate of 30% (2015: 30%).

Dividends declared after year end
Subsequent to year end the Directors have declared the payment of a final dividend of 6.0 cents per ordinary share fully franked based on tax paid at 30%. The maximum amount of the proposed dividend expected to be paid on 27 October 2016 out of retained profits at 31 July 2016 is $3,221,532.

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 2016 and will be recognised in subsequent financial reports.

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

Franked dividends
The franked portions of the final dividends declared after 31 July 2016 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 31 July 2017.

Franking credits available for subsequent financial years (tax paid basis)	10,092	7,298

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

30. REMUNERATION OF AUDITORS

Audit and review	84	90
Tax services	21	20
	105	110

31. COMMITMENTS FOR EXPENDITURE

Capital commitments
The Company has uncalled capital commitments of up to $4,950,000 (2015: $2,450,000) over a period of up to 10 years in relation to private equity and property fund investments held at year end.

32. EMPLOYEE ENTITLEMENTS

	31 July 2016 $'000	31 July 2015 $'000
Long service leave (note 25)	219	179
Accrual for annual leave (note 23)	248	185
Other accruals	435	498
	902	862

33. RELATED PARTIES

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

Those persons that were also Directors during the year ended 31 July 2015 were Messrs W. A. Salier, J. E. Gowing, J. G. Parker, and R. D. Fraser.

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

	31 July 2016 $	31 July 2015 $
Directors and other key management personnel		
Short-term employee benefits	981,133	1,088,058
Share based compensation	120,000	200,000
Post-employment benefits	96,732	83,946
Long-term benefits	31,527	(24,676)
	1,229,392	1,347,328

Detailed remuneration disclosures can be found in the remuneration report on pages 17 to 19.

Movement in shares

Key management person	Shares held* at 31-Jul-14 No.	Shares acquired/ (disposed) during the year No.	Shares held* at 31-Jul-15 No.	Shares acquired/ (disposed) during the year No.	Shares held* at 31-Jul-16 No.
J. E. Gowing	18,988,868	500	18,989,368	1,891,782	20,881,150
J. G. Parker	50,000	-	50,000	5,000	55,000
Prof. J. West	-	-	-	397,581	397,581
Mr S. J. Clancy	-	-	-	5,000	5,000
R. D. Fraser	63,118	-	63,118	6,311	69,429
G. J. Grundy	226,847	33,301	260,148	84,559	344,707

*Directly and indirectly

Mr W. A. Salier has resigned as both Non-executive Director and Chairman during the year. His shareholding at the time of his departure was 60,272 shares (2015: 54,794).

Receivables from Directors and Executives
At year end there were no receivables from the Directors and executives (2015: $nil).

Transactions with Key Management Personnel and Directors

Key management person	Transaction type	2016 $	2015 $
J. E. Gowing	Marketing services	65,891	66,325

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 $63,161 for the year. Dealings were at commercial rates, (2015: $61,844). The sons of Mr J E Gowing provided marketing services at market rates during the year on a casual basis, $2,730 (2015: $4,481).

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

34. INTERESTS IN JOINT VENTURES

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

The Company has entered into a joint venture operation, known as Verge Street, as a long term investment property immediately adjacent to a new neighbouring shopping centre. The Company has a 50% participating interest in this joint venture and is entitled to 50% of its output. The joint venture sold the property during the financial year ended 31 July 2015 realising a profit of $173,911. The joint venture has been dissolved in the first half of the 2016 financial year.

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

	31 July 2016 $’000	31 July 2015 $’000
Current assets		
Cash	30	26
Trade and other receivables	18	26
Total current assets	48	52
Non-current assets		
Investment properties	3,000	3,000
Total non-current assets	3,000	3,000
Current share of assets employed in joint venture	3,048	3,052
Current liabilities		
Trade and other payables	21	13
Borrowings	1,775	1,900
Total current liabilities	1,796	1,913
Non-current liabilities		
Borrowings	-	-
Total non-current liabilities	-	-
Current share of liabilities employed in joint venture	1,796	1,913
Net assets employed in joint venture	1,252	1,139

$1.775 million of borrowings is secured against investment properties of Regional Retail Properties (note 24).

35. SHARE BASED PAYMENTS

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

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

Options
No options were on issue at year end (2015: Nil).

36. EARNINGS PER SHARE

	31 July 2016	31 July 2015
Basic earnings per share (cents)*	40.92c	35.48c
Diluted earnings per share (cents)*	40.92c	35.48c
Weight average number of ordinary shares on issue*	53,736,761	53,879,311
Net profit after tax	$21,990,000	$19,114,000

*Earnings per share for the year ended 31 July 2015 have been restated for comparative purposes to reflect the 1 for 10 bonus issue during the year.

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

	31 July 2016 $'000	31 July 2015 $'000
Profit from ordinary activities after income tax	21,990	19,114
Amortisation	1,325	1,195
Depreciation	133	123
Impairment – equities	1,640	266
Net gain on sale of equities and private equities	(18,642)	(2,416)
Net gain on sale of investment properties	-	(173)
Net loss on sale of development properties	(17)	(256)
Net gain on sale of property, plant and equipment	27	-
Revaluation of development properties to market value	-	(216)
Revaluation of investment properties to market value	(7,665)	(16,913)
Revaluation of equities and private equities to market value	18	1,327
Revaluation of loan to market value	-	(214)
Revaluation of derivative to market value	1,100	-
Other (expense) / income	-	(25)
Decrease / (increase) in receivables	(270)	112
Decrease / (increase) in prepayments	62	252
Increase / (decrease) in income taxes	8,101	8,122
Increase / (decrease) in employee entitlements	126	(47)
Increase / (decrease) in trade creditors and accruals	320	(149)
Net cash inflow from operating activities	8,248	10,102

38. SUBSEQUENT EVENTS

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.

39. OTHER INFORMATION

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

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

The joint Company Secretaries are Mr J. Chorn and Mr G. J. Grundy.
The share register is maintained by Computershare Investor Services Pty. Limited, Level 3, 60 Carrington Street, Sydney NSW 2000, Telephone 1300 855 080, Overseas callers +61 (0)2 8234 5000, Facsimile + 61 (0)2 8234 5050.

DIRECTORS' DECLARATION

1. In the directors' opinion:

   (a) the financial statements and notes set out on pages 22 to 49 are in accordance with the Corporations Act 2001, including:

      (i) complying with Accounting Standards and the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
      (ii) giving a true and fair view of the Company's financial position as at 31 July 2016 and of its performance for the financial year ended on that date; and

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

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

3. The directors have been given the declarations by the chief executive officer and chief financial officer for the year ended 31 July 2016 required by section 295A of the Corporations Act 2001.

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

Professor J. West	J. E. Gowing
Director	Director
Sydney	Sydney
31 October 2016	31 October 2016

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Gowing Bros. Limited for the year ended 31 July 2016, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

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

Sydney, NSW
25 October 2016

S Grivas
Partner

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HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REPORT

To the members of Gowing Bros. Limited

We have audited the accompanying financial report of Gowing Bros. Limited ("the company"), which comprises the statement of financial position as at 31 July 2016, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the company.

Directors' Responsibility for the Financial Report

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

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

Auditor's Responsibility

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

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

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

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

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Email: mailbox@hlbnsw.com.au | Website: www.hlb.com.au

HLB Mann Judd

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, given to the directors of the company on 25 October 2016, would be in the same terms if provided to the directors as at the time of this auditor's report.

Opinion

In our opinion:

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

(i) giving a true and fair view of the company's financial position as at 31 July 2016 and its performance for the year ended on that date; and

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

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

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 17 to 19 of the directors' report for the year ended 31 July 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Gowing Bros. Limited for the year ended 31 July 2016 complies with section 300A of the *Corporations Act 2001*.

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

This auditor's report relates to the financial and remuneration reports of the company for the financial year ended 31 July 2016 published in the annual report and included on the company's website. The company's directors are responsible for the integrity of the company's website. We have not been engaged to report on the integrity of this website. The auditor's report refers only to the financial and remuneration reports identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial and remuneration reports. If users of the financial and the remuneration reports are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial and remuneration reports to confirm the information contained in this website version of the financial and remuneration reports.

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

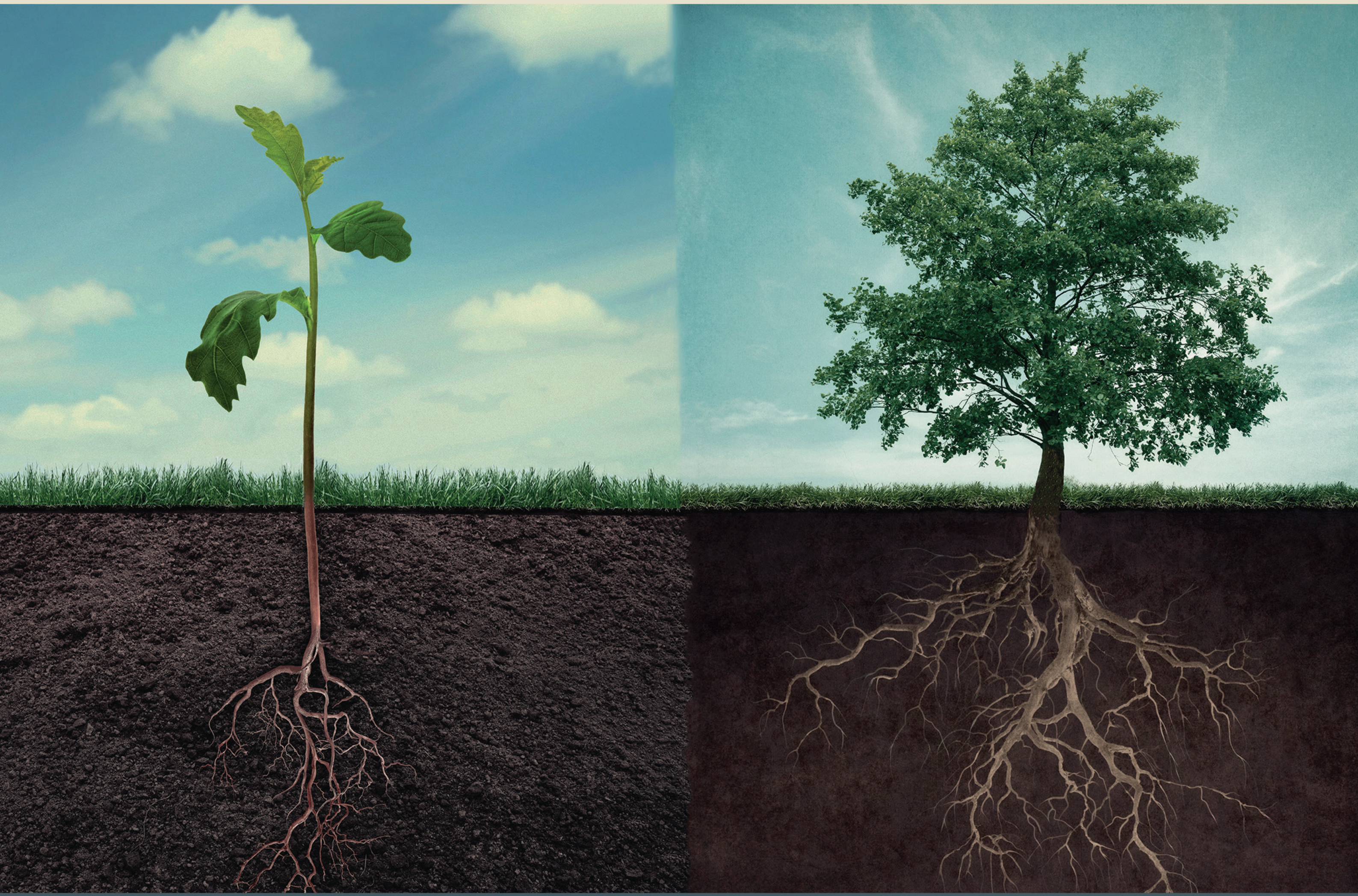
S Grivas
Partner

Sydney, NSW
31 October 2016

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	

INVESTING TOGETHER FOR A SECURE FUTURE



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