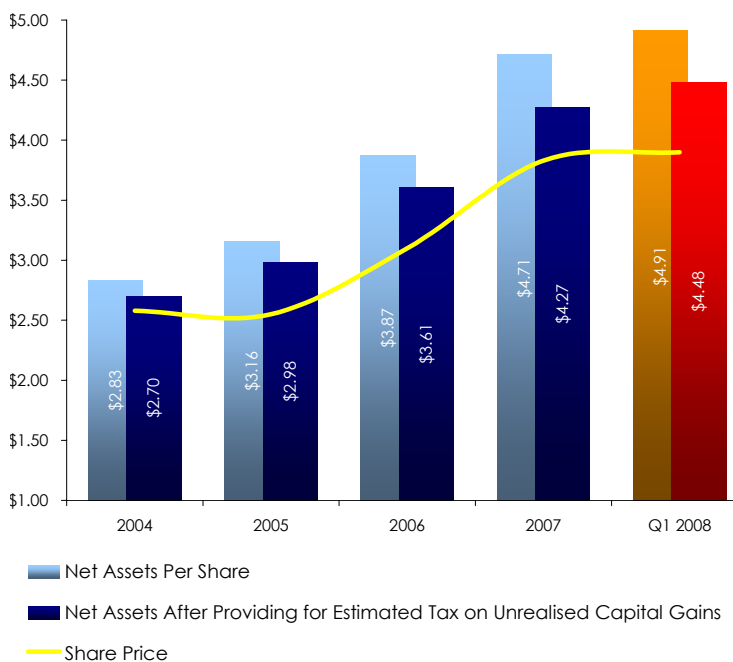




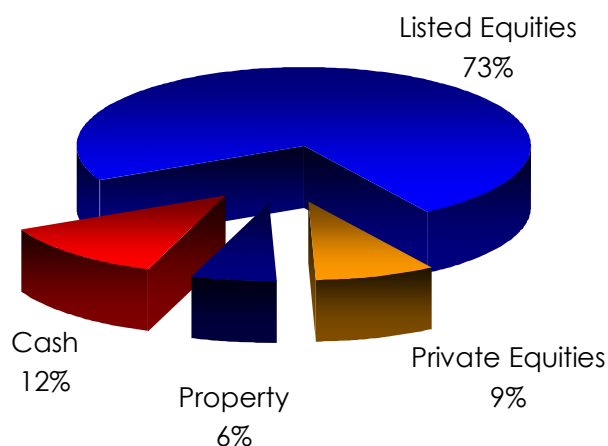
# 31 OCTOBER 2007 UPDATE

**Net Asset Backing per Share up 6.4% since year end from \$4.71 to \$4.91**

## Investment Portfolio



**31 October 2007: \$209 m**



Net assets per share before tax grew by 6.4% to \$4.91 after payment of both the final dividend of 5c and a special dividend of 5c, totalling 10c. This was a particularly pleasing result given the ongoing weakness in global markets.

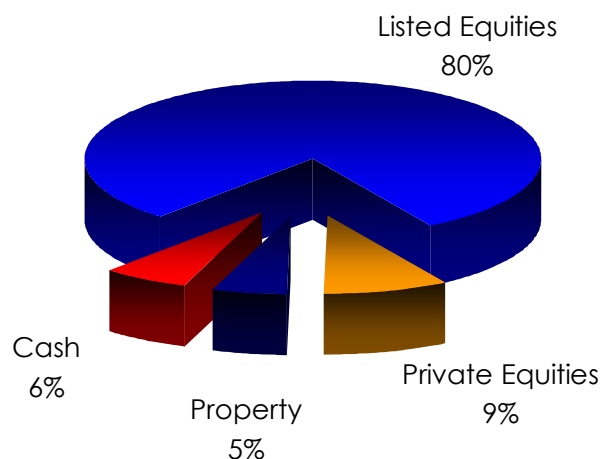
This strong gain was driven by:

- An 8.9% return in the listed Australian and global equity portfolio
- A 13% increase in the property portfolio following the exchange of contracts on Dundee Beach and Norton Street

During the quarter, the portfolio grew to \$209 million from \$201 million after the payment of \$4.3 million in dividends to shareholders.

The portfolio mix has changed slightly with an increase in cash holdings to 12% and a reduction in the listed equity portfolio to 73%. Listed equity sales of \$24 million were made during the period to capitalise gains in stocks considered to be either overvalued or potentially adversely exposed to the continuing uncertainty in global credit markets.

**31 July 2007: \$201m**





## 31 OCTOBER 2007 UPDATE

## Shareholder Returns

	Q1 2008	2007
	(3 months)	(12 months)
Opening net assets per share*	\$4.71	\$3.87
Closing net assets per share*	\$4.91	\$4.71
Increase in net assets	\$0.20	\$0.84
Dividends paid	\$0.10	\$0.10
Total return	\$0.30	\$0.94
% Total return	\$6.4%	24.3%

\* Net assets before providing for tax on unrealised gains

## Listed Equities (\$153m)

The listed equity portfolio including Australian and international shares delivered another strong quarterly return of 8.9%.

Notable performances in the portfolio include:

Company	3 mth return	Comments
AMP China Fund	37.2%	Exposure to China
Apple (USA)	33.5%	Release of iPhone
Harvey Norman	28.2%	Demand for electrical goods
BHP Billiton	24.6%	Demand for resources
Woolworths	22.6%	Market leader
Woodside	20.1%	Rising oil price and production
John Deere (USA)	19.2%	Agricultural demand
Coates Hire	19.2%	Under takeover
India Fund	18.9%	Exposure to India
RIO Tinto	18.2%	M&A activity
ASX	16.9%	Rising market activity
Westpac Bank	16.6%	Strong year end result

New investments of \$9.8 million were made during the quarter including:

Company	\$'000	Comments
Hexima (Aus)	2,000	Participated in placement of this Australian agricultural biotech company commercializing various GM traits
Fortescue (Aus)	986	Upcoming iron ore miner
Dairy Equities (NZ)	98	Exposure to growing demand for dairy products through Fonterra, the world's largest dairy company
Archer Daniels (USA)	501	Largest global agribusiness company
John Deere (USA)	489	Premium agribusiness equipment supplier
Textron (USA)	501	4 year order book for Cessna jets
Alesco (Aus)	512	Diversified conglomerate who acquired a water business

## Cash and Interest Bearing Securities (\$26m)

Cash on hand and short term interest bearing securities represented 12% or \$26 million of our total portfolio.

Cash balances have increased since year end due to the sale of various fully priced listed equities. These funds will be redeployed selectively as value and stability reemerge in global markets.

Cash holdings will increase further upon settlement of Norton St (end of November) and Bayview Heights (February 2008).

## Managed Private Equities (\$18m)

First quarter highlights:

AMP Fund III – 6 times realisation

AMP Capital sold a water business to Alesco which accounted for approximately 9c in the dollar of the fund's investments at cost. The proceeds from sale resulted in a distribution to Gowings of 53c or \$1.1 million received in August 2007.

Crescent Fund II – 7 times realisation

The final proceed of \$220k from the sale of the mining services business has been received from Crescent Capital.



## 31 OCTOBER 2007 UPDATE

### Property Investments (\$12m)

First quarter highlights include:

#### Norton Street Leichhardt Retail Centre

This JV investment with the Berkelouw family has recently been sold to GPT for \$14.6m (approximately 18% in excess of current book value) and is expected to settle around 30 November 2007.

#### Bayview Heights Estate

The last remaining acreage block was recently sold for \$2.025m, a price equivalent to the previous recent sale. The two exchanged sales of these lots will both settle in the second half of this financial year.

#### Kempsey Subdivisions

The 75 lot Bunya Pines subdivision in Kempsey has recorded a number of sales over the last two months, leaving only 8 unsold lots. We expect these to clear within the next 12 months.

We have secured a DA and construction certificate for the Bunya Pines follow on land subdivision at Kemp Street in Kempsey and are currently considering our next steps.

#### Verge Street Kempsey Retail

This property is immediately adjacent to the former Tattersalls Hotel in Kempsey and was one of the properties optioned by us in the consolidation of the Coles based Neighbourhood Shopping Centre. It was not required by the MFS fund which purchased the development from us.

The shopping centre is now under construction with an expected opening date of November 2008. We are currently in early stage negotiations with a couple of large format national retailers interested in leasing the site because of its advantageous location. A successful lease negotiation will see a strong rise on the underlying value of the property.

#### Dundee Beach Tourist Park

This property has been sold to Aspen Group Ltd for a total price of \$5.2m realising an approximate 20% gain on our investment, which was purchased in late September 2006.

#### Aspen Group Ltd Co-Investments

We have elected to invest approximately \$3m for 10% of the equity in an Aspen Group wholesale land development syndicate which owns Fern Bay Estate at Stockton Beach just north of Newcastle. The estate is selling well and performing at least to expectations.

We have also negotiated an option to invest up to \$2m in the forthcoming Aspen Villages Development Fund, which will include the Dundee Beach Tourist Park as part of a portfolio of 7 or 8 tourist and retirement villages in various locations around Australia.

### Outlook and Market Update

After four strong years in listed Australian and global equity markets, current year returns were expected to be more in line with long term averages of 9 – 13%.

With our portfolio having already grown a further 6% in the first quarter (despite recent market instability), we can only remain cautious and diligent in the near term.

We are continuing to make new investments selectively in companies exposed to high growth trends such as agribusiness or the internet (as long as they meet our relatively conservative fundamental value targets), which at the same time are also relatively immune from current credit market issues.

We expect the current weakness in global credit markets will continue to play out over the coming year which may reduce global economic growth.

However, we remain optimistic the current weakness in global credit markets and the US housing market will not derail the strong economic growth of China, India and other developing countries. Indeed these countries are in such strong positions with their large foreign reserves and continuing strong appetite for resources, that they should continue to benefit the economic growth of countries with exposure to hard commodities such as Australia.

Indeed Australia's economic growth has been revised up to 4.5% being the highest level of all developed countries globally. Employment remains at all time lows and whilst interest rates and inflation are rising, they still remain at relatively modest levels.



GOWINGS

Investing together for a secure future

31 OCTOBER 2007 UPDATE

## About Gowings

### INVESTMENT OBJECTIVE

To maximise and protect shareholder wealth over the long term.

### OUR VALUES

Patience  
Discipline  
Understanding  
Conviction  
Decisiveness  
Integrity

### INVESTMENT PHILOSOPHY

Investments are made across different asset classes to take advantage of changing cycles. This greatly assists to outperform the equity market during periods of cyclic downturn or volatility. Having a diversified basket of assets also assists to produce smoother returns from year to year.

Investments are made in assets which have the potential to deliver superior growth over the long term when that growth is not reflected in today's asset prices. Investments are made on a risk return basis with higher returns required for more risky assets.

In identifying high calibre investments, we draw on the experience and expertise of our board and management and their wider network. We seek to take advantage of our ability to invest in wholesale offerings not generally available to retail investors.

As a long term investor, we rarely sell stocks unless their outlook changes or they become significantly overvalued. This assists us to maximise returns through the power of compound interest, minimising tax and transaction costs.

At Gowings, all the board of directors are shareholders, hence our commitment to "investing together for a secure future".



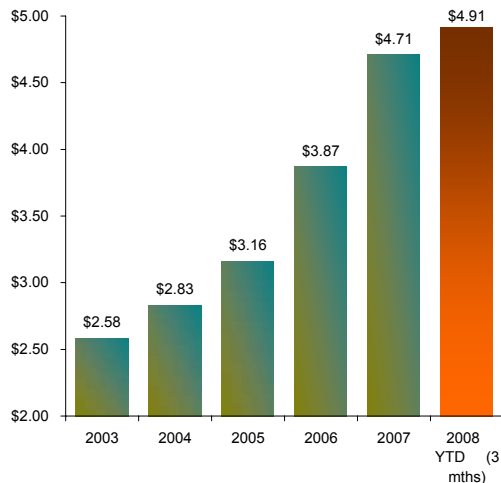
**GOWINGS AT A GLANCE**

	31 October 2007 (un-audited)	31 July 2007 (audited)
<b>INVESTMENT PORTFOLIO</b>		
Cash and fixed interest	\$27,362,000	\$12,154,000
Listed equities*	\$152,733,000	\$160,242,000
Private equity investments	\$19,057,000	\$18,893,000
Net other assets	(\$1,652,000)	(\$14,000)
<b>TOTAL INVESTMENT PORTFOLIO</b>	<b>\$197,500,000</b>	<b>\$191,275,000</b>
<b>PROPERTY PORTFOLIO</b>		
Investment property	\$25,759,000	\$23,806,000
Development property	\$1,503,000	\$872,000
Less debt	(\$15,353,000)	(\$14,865,000)
<b>TOTAL PROPERTY PORTFOLIO</b>	<b>\$11,909,000</b>	<b>\$9,813,000</b>
<b>GROSS ASSETS</b>	<b>\$209,409,000</b>	<b>\$201,088,000</b>
No of issued shares	42,657,252	42,686,065
<b>NET ASSETS PER SHARE</b>	<b>\$4.91</b>	<b>\$4.71</b>
Estimated future tax liability	\$18,463,000.00	\$18,812,000.00
<b>NET ASSETS</b>	<b>\$190,946,000</b>	<b>\$182,276,000</b>
<b>NET ASSETS PER SHARE (after estimated future tax liability)</b>	<b>\$4.48</b>	<b>\$4.27</b>

**\* TOP TWENTY HOLDINGS**

	Units	31 October 2007	31 July 2007
BHP Billiton Limited	400,000	\$18,440,000	\$17,366,000
Westpac Banking Corporation	389,400	\$11,892,000	\$10,202,000
Rio Tinto Limited	72,000	\$7,920,000	\$6,702,000
Woodside Petroleum Limited	129,974	\$6,759,000	\$5,627,000
Macquarie Equities (Macquarie Bank Limited)	77,407	\$6,506,000	\$5,396,000
Australian Stock Exchange Limited	111,500	\$6,394,000	\$5,469,000
Australia and New Zealand Banking Group Limited	208,865	\$6,287,000	\$5,911,000
Woolworths Limited	180,000	\$6,021,000	\$4,912,000
Commonwealth Bank of Australia	80,000	\$4,920,000	\$4,341,000
Washington H Soul Pattinson & Company Limited	500,000	\$4,850,000	\$4,960,000
Blackmores Limited	207,363	\$4,624,000	\$4,666,000
Alesco Corporation Limited	400,001	\$4,456,000	\$5,130,000
National Australia Bank Limited	100,000	\$4,310,000	\$3,836,000
St George Bank Limited	115,000	\$4,180,000	\$3,968,000
Carlton Investments Limited	188,521	\$4,072,000	\$4,355,000
Coates Hire Limited	600,000	\$3,882,000	\$3,258,000
Harvey Norman	450,000	\$3,051,000	\$2,381,000
Hills Industries Limited	525,060	\$2,919,000	\$3,203,000
Aspen Group	1,091,812	\$2,915,000	\$2,839,000
Invocare Limited	300,000	\$2,010,000	\$2,799,000
Other		\$36,325,000	\$52,921,000
<b>Total</b>		<b>\$152,733,000</b>	<b>\$160,242,000</b>

**5 YEAR NET ASSETS PER SHARE B/TAX**



**5 YEAR PORTFOLIO MIX**

