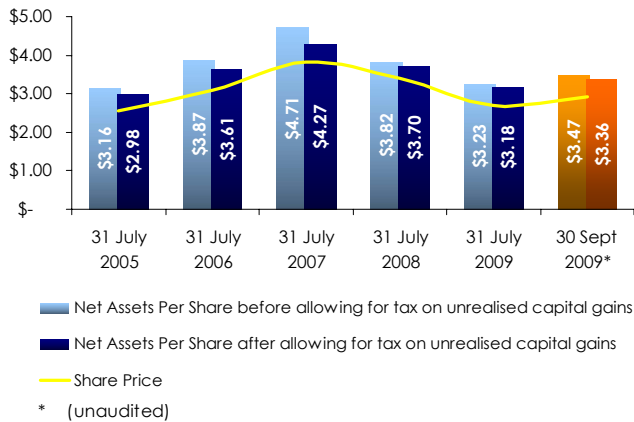


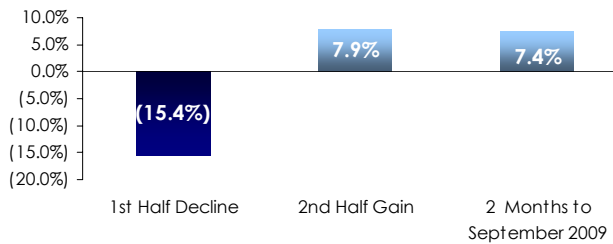


## Prudence Pays Dividends ....

Net Assets Per Share after Dividends Paid



Portfolio Return: A Tale of Two Halves



Gowings' net assets per share declined by 8.9% to \$3.23 for the year ending 31 July 2009 after allowing for 25c in dividends paid (10c ordinary + 15c special: Total \$10,647,095). Refer shareholder return table adjacent.

Shareholders will recall that during the last 18 months, Gowings realised the majority of its long term investments and re-invested the proceeds into bonds in order to protect capital. Since March 2009, we have been systematically reinvesting back into the listed equity market as it became apparent that financial system stability and a recovery was emerging. The ensuing rise in listed equities saw the company claw back its 1<sup>st</sup> half decline of 15.4% to 8.9% by year end.

Further gains have since been recorded post year end with **net assets per share increasing 7.4% to \$3.47 for the 2 month period to 30 September 2009.**

At year end, the company's portfolio was weighted 59% listed equities, 23% cash, 9% managed private equity and 9% property. A full listing of the portfolio can be seen in the 'Gowings At A Glance' schedule on the last page.

Our portfolio allocation is a reflection of both our cautiously optimistic attitude and also having set aside funds for specific investments that we are currently reviewing.

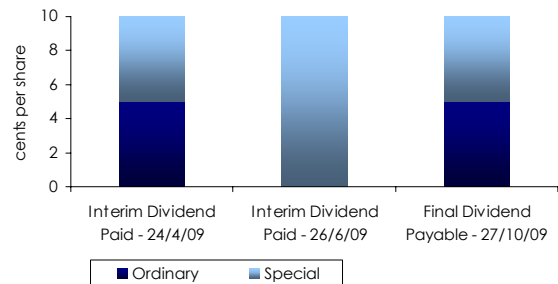
## Shareholder Returns

For the period ending	30 Sep 2009	31 Jul 2009	31 Jul 2008	31 Jul 2007
	Per Share	Per Share	Per Share	Per Share
Opening net assets *	\$3.23	\$3.82	\$4.71	\$3.87
<b>Closing net assets *</b>	<b>\$3.47</b>	<b>\$3.23</b>	<b>\$3.82</b>	<b>\$4.71</b>
(Decrease) / increase	\$0.24	(\$0.59)	(\$0.89)	\$0.84
+ Ordinary div. paid	-	\$0.10	\$0.10	\$0.10
+ Special div. paid	-	\$0.15	\$0.10	-
Total return	\$0.24	(\$0.34)	(\$0.69)	\$0.94
<b>Total return %</b>	<b>7.4%</b>	<b>(8.9%)</b>	<b>(14.6%)</b>	<b>24.3%</b>
S&P ASX 200 Accumulation Index	13.2%	(10.2%)	(15.6%)	25.3%

\* Before allowing for tax on unrealised gains

## 5c Final + 5c Special Dividends

2009 Record Dividends of 30c



**A record amount of 30c in dividends (\$12,776,514) were paid or declared in relation to the 2009 year.** As announced, a 5c final LIC dividend and 5c special LIC dividend was declared and is payable on 27 October 2009. The payment of these dividends will effectively utilise the remaining balance of the company's LIC franking credits.

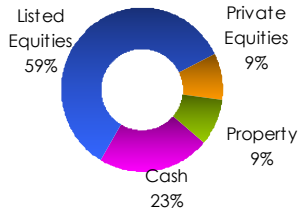
The significant amount of special dividends paid in recent times were generated from capital profits accumulated over many years (including pre-CGT gains) but only realised in the past 18 months.

The Dividend Reinvestment Plan is being underwritten by Taylor Collison in order to provide additional capital for high yielding investment opportunities currently under review.

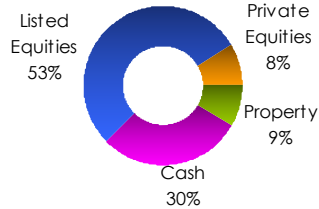
The directors' goal is pay future dividends at current levels being the 5c interim and 5c final, which should grow over time in line with growth in the underlying distributable earnings of the company.



### 31 July 2009



### 30 Sept 2009



### 1. Listed Equities 53%

We began re-investing into the Australian equity market in March 2009 as stability returned to the global financial system and economies, as set out below.

March	April	May	June	July
LEI	BOQ	ANZ	ANZ	AGK
QBE	BSL	APZ	CSL	ANZ
SEK	CBA	BHP	IVC	CBA
TLS	CRG	BSL	QBE	IFN
WOW	CSL	CSL	MQG	IVC
	HIL	OST	RIO	IPL
	IPL	PBG		MQG
	NAB	SEK		NAB
	MOC			ORG
	OST			QBE
	PRG			RIO
	WAN			TLS
	WES			WES
	WDC			WBC
	WBC			WPL

Our investment strategy is to select companies which exhibit as many of the following qualities as possible;

- will come out of this crisis in a more dominant market position
- have access to capital and solid balance sheets
- have the ability to pay high dividends
- are in sectors which will benefit from the economic recovery and stimulus measures
- will benefit from the Australian economy and the strength of the Australian dollar
- will benefit from the ongoing growth of the Chinese economy
- did not require recapitalisation given the strength of their underlying cashflows

### 2. Cash 30%

Gowings has significantly reduced its cash weighting to 30% from 75% at half year end. Having a high cash weighting helped us to avoid the last market crash in March 2009.

Towards the end of March 2009, we began reinvesting into Australian listed equities as it became apparent that a global recovery was underway.

### 3. Property Investments 9%

Property prices have continued to fall as expected and certain sectors such as retail property are now presenting compelling investment opportunities.

In the current low interest rate environment and with the Australian economy having held up so well, we believe it is the right time in the cycle to be acquiring high yielding investment grade properties using low cost funds.

### 4. Managed Private Equity 8%

There was only one realisation during the year being the Macquarie Wholesale Co-investment Fund which sold the "Golden Circle" business and returned 2.3x our capital invested.

Subsequent to year end, we are pleased to announce that Crescent Capital sold the "Simply Squeezed" juice business and returned 1.6x our capital invested.

Our private equity managers have been very conservative over the past 12 months in reducing the valuations of their portfolio companies. During the year, managers have focused on reducing costs and debt and the investee companies are now in a strong position to benefit from the current recovery.

We anticipate that private equity valuations will lift over the next 12 months in line with the recent recovery in listed equity valuations.



GOWINGS

Investing together for a secure future

# Newsletter & Update

As at 30 September 2009

## Outlook

With the world narrowly averting a complete financial and economic meltdown in March 2009, it is remarkable to see the current strength of the turnaround just 6 months later.

Whilst there still remains much cause for concern, particularly in the US and Europe, there is also cause to be optimistic about a global recovery and in particular, for Australia.

Australia has been protected by our strong banking system, government stimulus measures, interest rate cuts, low unemployment, housing recovery and of course, our exports to China. It is extraordinary that Australia was the only developed economy not to officially fall into a recession at a time when other national economies were imploding.

China deserves a lot of credit for its large and timely stimulus measures which saw its economy quickly pick back up to its long term 8% growth levels. China's economy is expected to lift higher next year which will again be of benefit to the Australian economy.

Whilst we remain optimistic about the Australian economy and our Asian neighbours, we are cognisant that the US and Europe are still in very deep downturns. In particular, US unemployment is still rising and is at a level that is twice as high as any of the last 5 recessions over the past 30 years.

We are currently focused on making investments that deliver a balance between capital growth and consistent maintainable dividends.

Since year end, we have realised several lower yielding investments to build up liquidity (war chest) to enable us to make further investments in high yielding opportunities, several of which are in the final stages of evaluation and negotiation.

## About Gowings

### INVESTMENT OBJECTIVE

To maximise and protect shareholder wealth over the long term.

### 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.

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. An investment is sold when its outlook becomes uncertain or it becomes significantly overvalued.

As a long term investor, we seek to maximise our returns over time through the power of compound interest and minimising tax and transaction costs.

At Gowings, all the board of directors and management are shareholders giving rise to our commitment to "investing together for a secure future"



GOWINGS

Investing together for a secure future

# Newsletter & Update

As at 30 September 2009

## Gowings "At A Glance"

	30 September 2009	31 July 2009
	\$	\$
<b>1. CASH</b>		
Cash and term deposits	50,425,000	6,808,000
Commonwealth Government Securities	-	30,163,000
<b>Total Cash</b>	<b>50,425,000</b>	<b>36,971,000</b>
<b>2. EQUITIES</b>		
<b>Australian Equity Portfolio</b>		
National Australia Bank*	6,011,000	10,219,000
ANZ Banking Group	5,707,000	4,336,000
Westpac Banking Corp	5,145,000	4,251,000
Commonwealth Bank	5,071,000	4,194,000
Telstra*	4,987,000	5,119,000
QBE Insurance Group	4,764,000	2,984,000
Woolworths	4,271,000	2,071,000
Blackmores	4,218,000	3,276,000
BHP Billiton*	4,109,000	4,088,000
Metcash	4,095,000	1,969,000
Carlton Investments	2,841,000	2,567,000
Wesfarmers	2,384,000	2,326,000
Westfield Group	2,293,000	510,000
Woodside Petroleum*	2,085,000	3,839,000
CSL	2,075,000	1,894,000
ARB Corporation	1,380,000	922,000
United Group Limited	1,274,000	690,000
Infigen Energy	1,185,000	516,000
Origin Energy	1,142,000	1,015,000
Bank of Queensland	1,133,000	619,000
AMP	1,108,000	-
Other holdings*	10,499,000	22,838,000
<b>Total Australian Equities</b>	<b>77,777,000</b>	<b>80,243,000</b>
<b>International Equity Portfolio</b>		
	\$AUD	\$AUD
Deere & Co	663,000	718,000
Warehouse Group	529,000	474,000
Veolia Environment SA	501,000	473,000
Delegats Group	433,000	374,000
Textron	323,000	244,000
Nokia	237,000	223,000
Other holdings	-	-
<b>Total Global Equities</b>	<b>2,486,000</b>	<b>2,506,000</b>
<b>Total Equity Portfolio</b>	<b>80,463,000</b>	<b>82,749,000</b>
<b>Total Cash &amp; Equities</b>	<b>130,888,000</b>	<b>119,720,000</b>

\*Denotes full or partial sale of holding during the period

	30 September 2009	31 July 2009
<b>3. MANAGED PRIVATE EQUITIES</b>		
Macquarie Whole Sale Co-Investment Fund	3,535,000	3,532,000
AMP PEFIIIA	608,000	608,000
ANZ Business Equity Fund	3,796,000	3,796,000
Crescent Capital Partners II LP	1,779,000	2,124,000
Crescent Capital Partners Growth Fund*	-	-
Everest Babcock & Brown Opportunity Fund	675,000	700,000
MEIF	2,395,000	2,395,000
MEIF loan	(1,024,000)	(1,024,000)
Other Investments	577,000	577,000
<b>Total</b>	<b>12,341,000</b>	<b>12,708,000</b>
<b>4. PROPERTY PORTFOLIO</b>		
Retail*	5,122,000	5,110,000
Commercial	4,151,000	4,151,000
Industrial	1,425,000	1,425,000
Residential	2,655,000	2,655,000
Property Development	2,339,000	2,539,000
Borrowings	(13,047,000)	(13,317,000)
<b>Total</b>	<b>2,645,000</b>	<b>2,563,000</b>
<b>5. OTHER</b>		
<b>Working capital, loans receivable, provisions</b>	<b>1,734,000</b>	<b>2,651,000</b>
<b>Net assets before tax on unrealised gains</b>	<b>147,608,000</b>	<b>137,642,000</b>
Estimated provision for tax on unrealised gains	(4,344,000)	(2,202,000)
<b>Net assets after tax on unrealised gains</b>	<b>143,264,000</b>	<b>135,440,000</b>
Shares Outstanding	42,588,378	42,588,378
<b>Net Assets per share before estimated tax on unrealised gains</b>	<b>\$ 3.47</b>	<b>\$ 3.23</b>
<b>Net Assets per share after allowing for estimated tax on unrealised gains</b>	<b>\$ 3.36</b>	<b>\$ 3.18</b>