GOWINGS

Investing together for a secure future

Newsletter & Update

As at 31 January 2010

Movement in Net Assets Per Share

For the period ended 31 January 2010	Net Assets Per Share before tax on Unrealised Gains	Net Assets Per Share after tax on Unrealised Gains
	Per Share	Per Share
Net assets @ 31 July 2009	**$3.23**	**$3.18**
Impact of DRP dilution	**($0.04)**	**($0.04)**
Impact of Rights Issue dilution	**($0.14)**	**($0.13)**
Adjusted Net Assets	**$3.05**	**$3.01**
Net Assets @ 31 January 2010	**$3.13**	**$3.06**
Increase / (Decrease)	**$0.08**	**$0.05**
+ Ordinary div. paid	**$0.05**	**$0.05**
+ Special div. paid	**$0.05**	**$0.05**
Total return	**$0.18**	**$0.15**
Total return %	**5.9%**	**5.0%**
S&P ASX 200 Accum. Index	10.0%	10.0%

Gowings generated a total portfolio return of 5.9% before allowing for tax on unrealised gains for the 6 months ended 31 January 2010 as per the table above. Shareholders who participated in the rights issue and DRP would have benefited from the discounted issue prices.

Our return of 5.9% compares with the market index of 10% which is a reflection of having retained high levels of cash reserves (30% of the portfolio) in anticipation of the shopping centre acquisitions. The company announced in December 2009 that it had successfully acquired the Port Central Shopping Centre for a total cost of $60 million on a rental yield of approximately 9%. In February 2010, the company acquired the Kempsey shopping centre for a total cost of $13 million on a rental yield of approximately 11%. These yields are also attractive given their partially tax deferred nature having high depreciation benefits. The cashflow from these two shopping centres alone is expected to underpin the company's target ordinary dividend of 10c per share per annum.

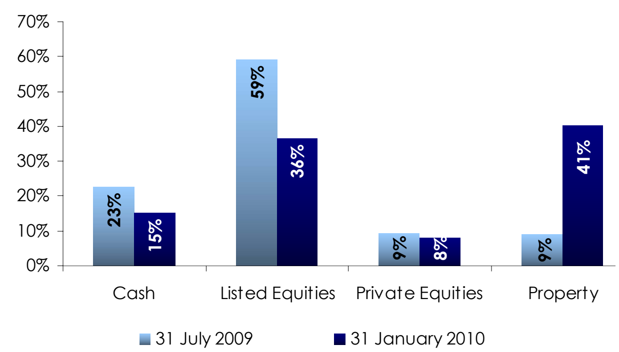
The board and management are confident that the benefits flowing from our repositioned portfolio, now having a diversified mix of investments in listed equities, property, private equities and cash, will increase over the 2nd half of this year.

Dividends

The directors have declared a **5c fully franked interim dividend** per share payable on 23 April 2010 with a record date of 8 April 2010. The DRP and Bonus in Lieu plans will be suspended for this dividend.

The company has now paid a total of 30c in fully franked dividends including 20c of special dividends over the last 12 months to 31 January 2010. This was part of the strategy to pass onto shareholders the benefits of the large LIC franking credit balance, which has now been completed.

Key Milestone: Portfolio Repositioning



Gowings' investment philosophy is to maximise and protect its shareholders' wealth over the long term. In doing this, we actively invest across different asset classes according to the outlook for different asset cycles and the economy. This diversification has allowed the company to achieve less volatile (smoother) and superior returns over the longer term (refer 5 and 20 year returns on the following page).

In seeking to reposition the company, retail shopping centres were identified as counter-cyclical opportunities characterised by having high rental yields, low valuations and often distressed selling. They are expected to provide a high and stable source of income to our investment portfolio. In addition, we believe that they have the potential to deliver strong capital growth over time as rental incomes increase and valuations again move back towards long term averages. Retail shopping centres are likely to benefit from Australia's ongoing economic strength, low unemployment and low interest rates. We will also endeavour to add value to these shopping centres over time using our in-house experience and expertise.

The balance of the portfolio is composed of listed and private equities investments, which will have an increased emphasis on capital growth. We still retain a surplus cash balance that is expected to be invested in the short term.

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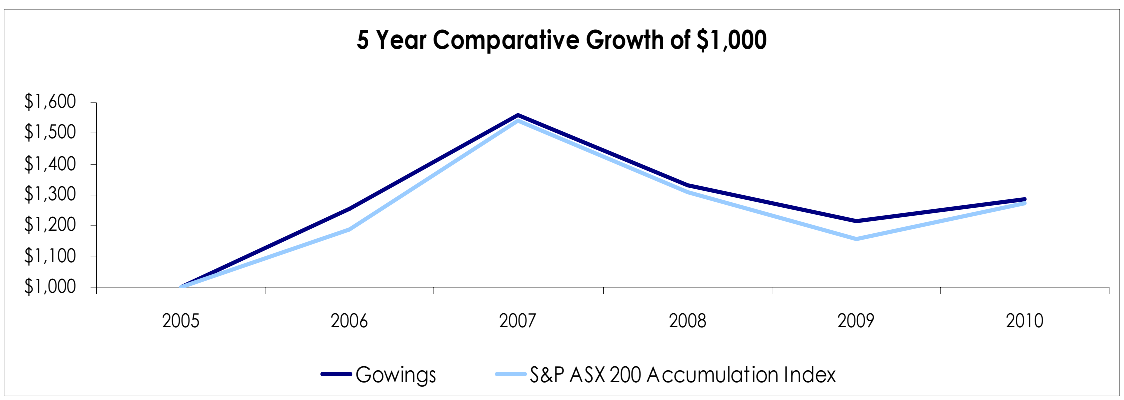
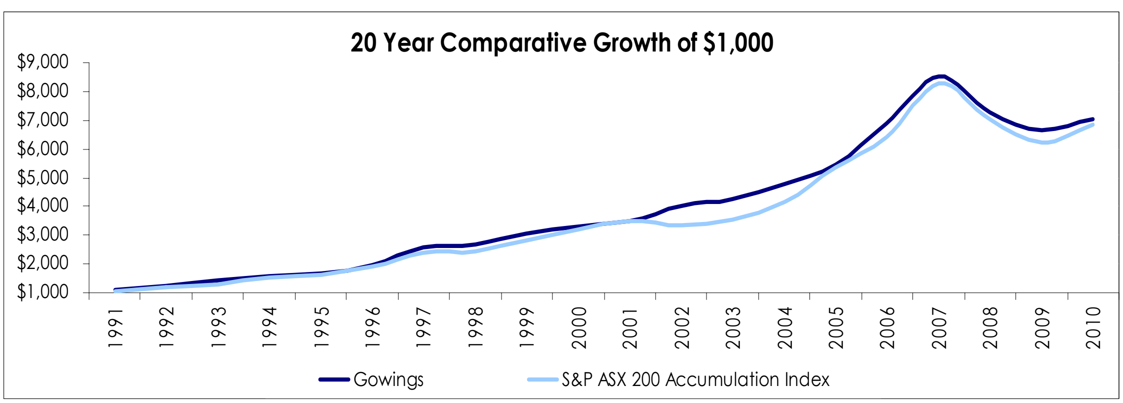
Shareholder Returns

For the period ended	6 months to 31 January 2010	12 months to 31 July 2009	12 months to 31 July 2008	12 months to 31 July 2007	12 months to 31 July 2006
	Per Share	Per Share	Per Share	Per Share	Per Share
Opening net assets [1]	**$3.05**[2]	$3.82	$4.71	$3.87	$3.16
Closing net assets	**$3.13**	**$3.23**	**$3.82**	**$4.71**	**$3.87**
(Decrease) / increase	**$0.08**	($0.59)	($0.89)	$0.84	$0.71
+ Ordinary div. paid	**$0.05**	$0.10	$0.10	$0.10	$0.10
+ Special div. paid	**$0.05**	$0.15	$0.10	-	-
Total return	**$0.18**	($0.34)	($0.69)	$0.94	$0.81
Total return %	**5.9%**	**(8.9%)**	**(14.6%)**	**24.3%**	**25.6%**
S&P ASX 200 Accumulation Index	**10.0%**	(10.2%)	(15.6%)	25.3%	19.0%

[1] *Before allowing for tax on unrealised capital gains*

[2] *Adjusted for the dilutionary impact of the discounted rights issue and DRP*





GOWINGS

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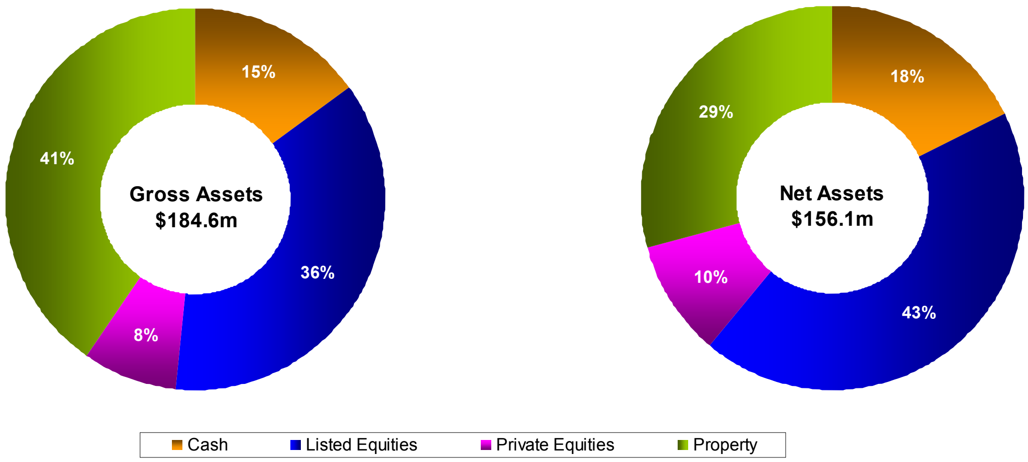
Newsletter & Update

As at 31 January 2010

Gowings “At A Glance”



The Gowings ‘At A Glance’ schedule below has been prepared based on management accounts and is unaudited. Certain items (working capital and borrowings repayable) have been re-classified to give a truer representation of the company’s portfolio.

	31 January 2010	31 July 2009
	$	$
1. CASH		
Cash and term deposits	34,732,000	6,808,000
Commonwealth Govt Securities	-	30,163,000
Loan facility payable < 30 days	(10,000,000)	-
Working capital	3,210,000	2,651,000
Total Cash	**27,942,000**	**39,622,000**
2. EQUITIES		
Australian Equity Portfolio		
National Australia Bank*	5,153,000	10,219,000
ANZ Banking Group	5,085,000	4,336,000
Westpac Banking Corp	4,677,000	4,251,000
Blackmores	4,562,000	3,276,000
QBE Insurance Group	4,538,000	2,984,000
Commonwealth Bank*	3,992,000	4,194,000
Metcash	3,867,000	1,969,000
Woolworths	3,776,000	2,071,000
Telstra*	3,340,000	5,119,000
Carlton Investments	3,003,000	2,567,000
BHP Billiton*	2,167,000	4,088,000
Westfield Group*	2,086,000	510,000
CSL	1,933,000	1,894,000
Bank of Queensland	1,925,000	619,000
Woodside Petroleum*	1,834,000	3,839,000
ARB Corporation	1,783,000	922,000
Origin Energy	1,121,000	1,015,000
Infigen Energy	1,052,000	516,000
AGL Energy	969,000	-
Australian Stock Exchange	954,000	-
Other holdings*	6,532,000	25,854,000
Total Australian Equities	**64,349,000**	**80,243,000**
International Equity Portfolio	$AUD	$AUD
Warehouse Group	791,000	474,000
Deere & Co	762,000	718,000
Delegats Group	470,000	374,000
Veolia Environment SA	429,000	473,000
Textron	329,000	244,000
Nokia	222,000	223,000
Total Global Equities	**3,003,000**	**2,506,000**
Total Equity Portfolio	**67,352,000**	**82,749,000**
Total Cash & Equities	**95,294,000**	**122,371,000**

	31 January 2010	31 July 2009
3. PRIVATE EQUITIES		
Macquarie Wholesale Co-Investment Fund	4,440,000	3,532,000
AMP PEFIIIA	672,000	608,000
ANZ Business Equity Fund	3,603,000	3,796,000
Boundary Bend	2,000,000	
Crescent Capital Partners II LP	2,042,000	2,124,000
Everest Babcock & Brown Opportunity Fund	500,000	700,000
MEIF	2,180,000	2,395,000
MEIF loan	(938,000)	(1,024,000)
Other Investments	604,000	577,000
Total	**15,103,000**	**12,708,000**
4. PROPERTY PORTFOLIO		
Retail*	65,709,000	5,110,000
Commercial	4,135,000	4,151,000
Industrial	1,250,000	1,425,000
Residential	804,000	2,655,000
Property Development	2,315,000	2,539,000
Borrowings	(28,499,000)	(13,317,000)
Total	**45,714,000**	**2,563,000**
Net assets before tax on unrealised gains	**156,111,000**	**137,642,000**
Estimated provision for tax on unrealised gains	(3,221,000)	(2,202,000)
Net assets after tax on unrealised gains	**152,890,000**	**135,440,000**
Shares Outstanding	49,892,213	42,588,378
Net Assets per share before estimated tax on unrealised gains	**$ 3.13**	**$ 3.23**
Net Assets per share after allowing for estimated tax on unrealised gains	**$ 3.06**	**$ 3.18**

Denotes full or partial sale of holding during the current period

Portfolio Review

1. Cash

The company held significant cash balances during the half averaging around 30% of the portfolio in anticipation of the shopping centre acquisitions.

The company is currently reviewing a number of property, private equity and listed equity investment opportunities in which it expects to deploy its surplus cash funds.

2. Private Equity Investments

As anticipated, private equity valuations are beginning to rise in line with the recovery in listed equity valuations.

The private equity portfolio generated a 4.7% return during the period including a $275,000 distribution from Crescent Capital, which sold the “Simply Squeezed” juice business and returned 1.6x our capital invested.

One new investment of $2 million was made during the period in a company called Boundary Bend Limited based in Victoria.

Boundary Bend acquired two olive groves from the Timbercorp administrator at attractive prices. Boundary Bend was previously the external manager of these groves and has significant experience and IP in running them.

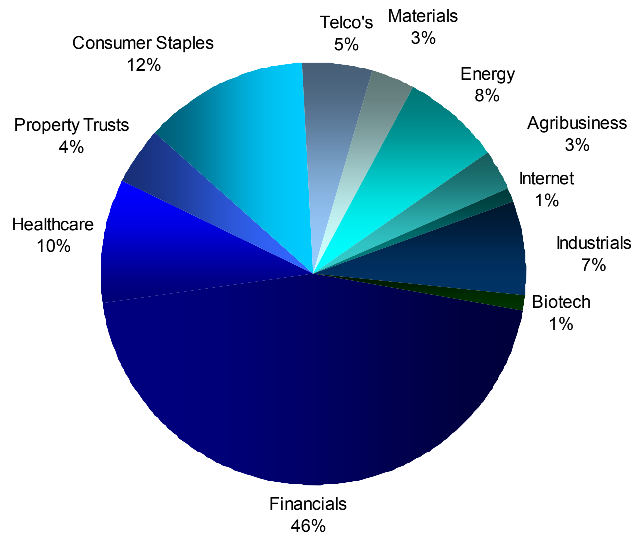
Boundary Bend now has approximately 6,532ha of planted irrigated olive groves on 10,000ha of freehold land. Boundary Bend is the largest producer of extra virgin olive oil in the Southern Hemisphere by both area and production, and is in the top 10 in the world. Boundary Bend sells oil to both the domestic and export market, with bottled product sold through its flagship brand - Cobram Estate.

We were attracted to this investment opportunity given:

- it was made at a significant discount to net asset value;
- long term demand for healthy olive oil consumption is growing; and
- the strong and proven management team with significant intellectual property.

3. Listed Equities

The listed equity portfolio generated a 9.7% return in line with the market rise of 10.0% (S&P/ASX 200 Accumulation Index).



The portfolio mix is dominated by financials, consumer staples and healthcare including the top 4 banks, QBE, Woolworths, Metcash and Blackmores. Other significant holdings include Telstra, BHP, Westfield and CSL. Refer to ‘Gowings at a Glance’ for a full listing of the current portfolio.

Approximately 80% of the portfolio is invested in large blue chip companies. As noted previously, we are currently focused on investing in industry leading companies that we believe will come out of the Global Financial Crisis in more dominant market positions.

We have a particularly strong view on the Australian banks that have the potential to significantly increase earnings in the next 1 – 2 years as the bad debt cycle recedes. They also have solid capital positions and the potential to significantly increase dividends over time.

We also favour industries which can benefit from China’s growth, which has re-accelerated.

Portfolio Review (continued)

4. Property Investments

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

Gowings took advantage of these conditions by acquiring two quality properties at attractive prices.

Shopping centre:	**Port Central**
Location:	Port Macquarie CBD, NSW
Date acquired:	18 December 2009
Centre type:	Sub regional
Net lettable area (NLA):	15,022 sqm
Car Spaces:	851
Majors:	Super IGA, Target
Specialties:	58
Specialty occupancy:	99%
Passing yield:	8.8%
Total cost inc. stamp duty:	$60,300,000
Borrowings:	$26,000,000

Shopping centre:	**Riverfront Plaza**
Location:	Kempsey, NSW
Date acquired:	12 March 2010
Centre type:	Neighbourhood
Site Area:	6,564 sqm
Car Spaces:	156
Majors:	Coles, Target
Specialties:	14
Specialty occupancy:	75%
Passing yield:	9.5%
Fully Leased Yield	11%
Total cost inc. stamp duty:	$13,300,000
Borrowings:	$7,000,000

Outlook

During the past 12 months, we have repositioned the portfolio to provide a balanced mix of income and capital growth.

Our property investments are expected to provide us with defensive returns including a higher income component and longer term capital growth.

Our listed equity portfolio has the potential to deliver strong capital gains if the Australian and Chinese economies continue to grow strongly.

Our private equity investments have the potential to generate significant capital returns as current investments are eventually realised over time.

Our investment portfolio mix reflects our cautiously optimistic outlook for global growth and general confidence in the Australian economy.

Australia should continue to benefit from a number of significant factors including:

- rising exports;
- ongoing strength of China;
- significant resource and energy infrastructure capital spending over the next 5 years;
- low unemployment and rising incomes;
- pending increase in residential housing construction; and
- healthy consumer, corporate and government balance sheets.

The global economy should also resume growth albeit from a lower base and with further speed humps likely along the way. Consumer spending is likely to be restricted until employment once again starts to rise and the de-leveraging cycle matures. The US and UK housing markets are unlikely to start rising until excess inventory and foreclosures have been worked through the system.

Accordingly, the board of the company believes that there has never been a more appropriate time to have a well diversified portfolio of assets in this ongoing environment of uncertainty and opportunity.

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 Gowings 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 by 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."