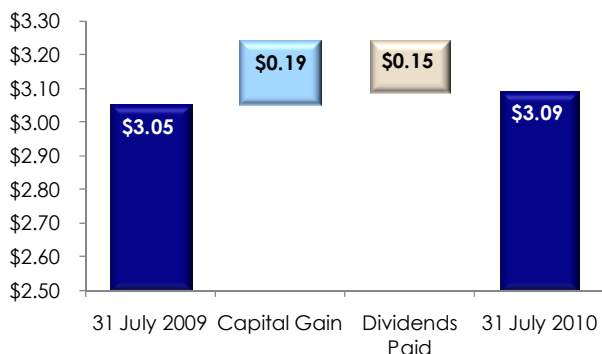




## Increase in Net Assets per Share

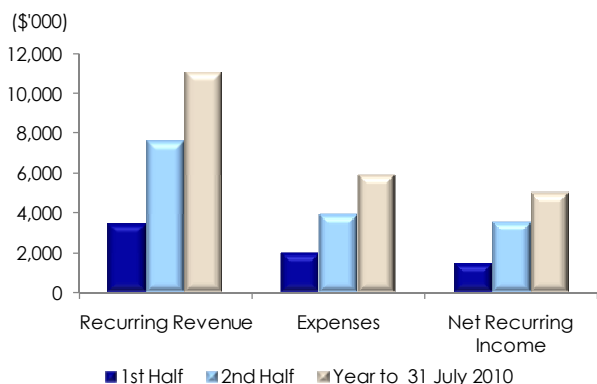


Gowings net assets per share as at 31 July 2010 was \$3.09 before allowing for tax on unrealised capital gains. If the company were to sell its entire long term investment portfolio, its net assets per share after tax paid would be \$3.04 per share.

## Shareholder Returns

	Before tax on unrealised gains	After tax on unrealised gains
Net assets per share 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 31 July 2009	\$3.05	\$3.01
<b>Net assets per share 31 July 2010</b>	<b>\$3.09</b>	<b>\$3.04</b>
Increase in net assets	\$0.04	\$0.03
+ Ordinary dividend paid	\$0.10	\$0.10
+ Special dividend paid	\$0.05	\$0.05
<b>Total Return</b>	<b>\$0.19</b>	<b>\$0.18</b>
<b>Total Return %</b>	<b>6.2%</b>	<b>6.0%</b>

## Strong 2<sup>nd</sup> Half Recurring Income

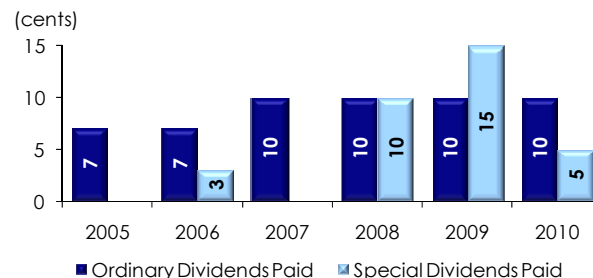


Second half recurring revenue increased significantly by 119% and net recurring income increased by 148% on the first half (refer "Statement of Income" on following page).

As shareholders are aware, a strategic decision was made to increase the weighting of income generating assets in our investment portfolio given the ongoing uncertainty in global markets. Property investments now account for 53% of our investment portfolio (2009: 9%) following the acquisition of 3 retail shopping centres during the year. The increase in rental revenue was derived from 7 months contribution from Port Central - Port Macquarie, 5 months from Riverside Plaza - Kempsey and 2 months from Moonee Beach - Coffs Harbour.

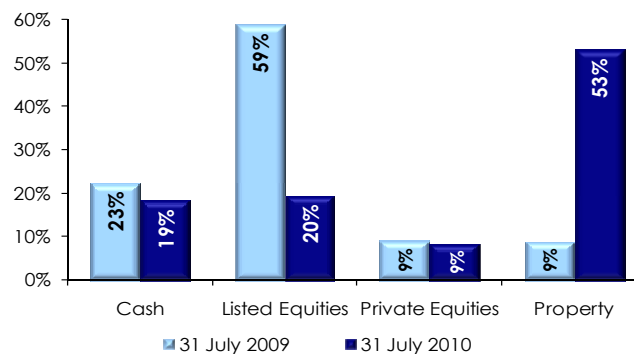
We continue to believe our well diversified portfolio will provide shareholders with a solid mix of income and capital growth potential in these ongoing uncertain times.

## Dividends Paid



The board of directors has declared a **5c fully franked final dividend** per share payable on 22 October 2010 with a record date of 8 October 2010. The DRP and Bonus in Lieu plans will be suspended for this dividend.

## Portfolio Repositioning



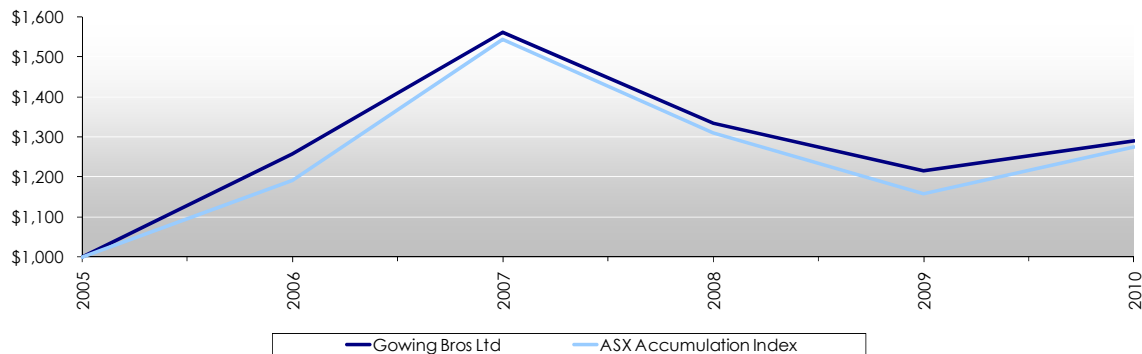
Strong 2<sup>nd</sup> Half Recurring Income

	1st Half 6 months (\$'000)	2nd Half 6 months (\$'000)	Half / Half Movement %	31 July 2010 12 months (\$'000)	31 July 2009 12 months (\$'000)	Year / Year Movement %
<b>Recurring Revenue</b>						
Interest income	987	481	(51%)	1,468	4,566	(68%)
Listed equities	1,048	1,704	63%	2,752	2,829	(3%)
Private equities	287	233	(19%)	520	437	19%
Investment property	1,150	5,175	350%	6,325	471	1,243%
Other revenue	0	2	-	2	3	(33%)
<b>Total Recurring Revenue</b>	<b>3,472</b>	<b>7,595</b>	<b>119%</b>	<b>11,067</b>	<b>8,306</b>	<b>33%</b>
<b>Expenses</b>						
Investment property expenses	374	1,565	318%	1,939	273	610%
Administration expenses	115	141	23%	256	208	23%
Borrowing cost expenses	680	1,364	101%	2,044	930	120%
Depreciation expenses	39	39	0%	78	74	5%
Employee expenses	650	661	2%	1,311	764	72%
Public company expenses	151	200	32%	351	341	3%
<b>Total Expenses</b>	<b>2,009</b>	<b>3,970</b>	<b>98%</b>	<b>5,979</b>	<b>2,590</b>	<b>131%</b>
<b>Net Recurring Income</b>	<b>1,463</b>	<b>3,625</b>	<b>148%</b>	<b>5,088</b>	<b>5,716</b>	<b>(11%)</b>
<b>Non Recurring Income</b>						
<i>Gains (losses) on disposal or revaluation of:</i>						
Listed equities	3,970	952	(76%)	4,922	12,011	(59%)
Private equities	642	197	(69%)	839	(5,547)	115%
Investment properties	(186)	483	360%	297	-	-
Development properties	155	(55)	(135%)	100	458	(78%)
FX gains (losses)	156	40	(74%)	196	202	(3%)
Other income	2	59	2,850%	61	857	(93%)
Unrealised impairment listed equities	(2,437)	(1,115)	54%	(3,552)	(8,912)	60%
<b>Net Profit Before Tax</b>	<b>3,765</b>	<b>4,186</b>	<b>11%</b>	<b>7,951</b>	<b>4,785</b>	<b>66%</b>
Income tax (expense) benefit	(616)	(760)	(23%)	(1,376)	1,458	(194%)
<b>Net Profit After Tax</b>	<b>3,149</b>	<b>3,426</b>	<b>9%</b>	<b>6,575</b>	<b>6,243</b>	<b>5%</b>



## Shareholder Returns

## 5 Year Comparative Growth of \$1,000 Invested



## 10 Year Comparative Growth of \$1,000 Invested

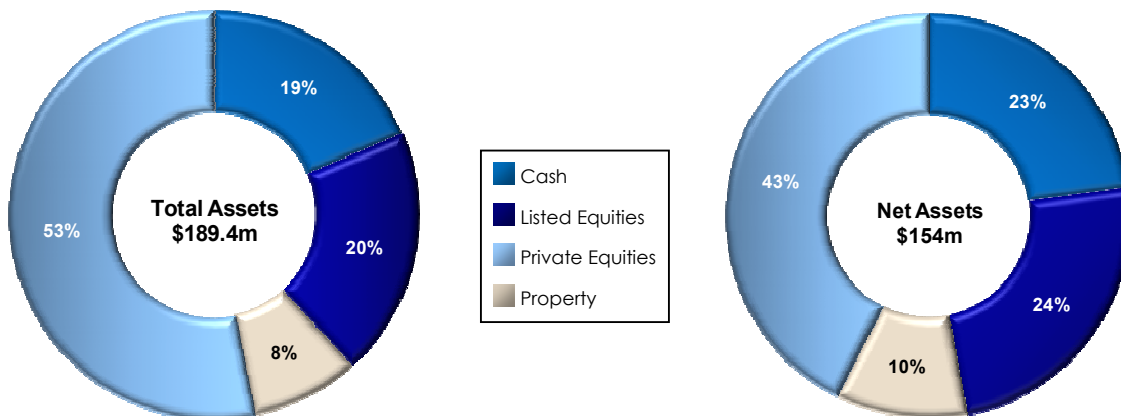


	31 July 2010	31 July 2009	31 July 2008	31 July 2007	31 July 2006
Per Share	(12 months)	(12 months)	(12 months)	(12 months)	(12 months)
Opening net assets <sup>1</sup>	\$3.05 <sup>2</sup>	\$3.82	\$4.71	\$3.87	\$3.16
<b>Closing net assets</b>	<b>\$3.09</b>	<b>\$3.23</b>	<b>\$3.82</b>	<b>\$4.71</b>	<b>\$3.87</b>
(Decrease) / increase	\$0.04	(\$0.59)	(\$0.89)	\$0.84	\$0.71
+ Ordinary dividends paid	\$0.10	\$0.10	\$0.10	\$0.10	\$0.10
+ Special dividends paid	\$0.05	\$0.15	\$0.10	-	-
Total return	\$0.19	(\$0.34)	(\$0.69)	\$0.94	\$0.81
<b>Total return %</b>	<b>6.2%</b>	<b>(8.9%)</b>	<b>(14.6%)</b>	<b>24.3%</b>	<b>25.6%</b>
S&P ASX 200 Accum. Index	10.1%	(10.2%)	(15.6%)	25.3%	19.0%

<sup>1</sup> Before allowing for tax on unrealised capital gains<sup>2</sup> Adjusted for the impact of the rights issue and underwritten DRP



## Gowings At A Glance



	31 July 2010	31 July 2009
\$		
<b>1. CASH</b>		
Cash and term deposits	30,882,000	5,972,000
Commonwealth Government Securities	-	30,163,000
<b>Total Cash</b>	<b>30,882,000</b>	<b>36,135,000</b>
<b>2. EQUITIES</b>		
<b>Australian Equity Portfolio</b>		
ANZ Banking Group	5,417,000	4,336,000
Blackmores	4,709,000	3,276,000
QBE Insurance Group	4,142,000	2,984,000
Commonwealth Bank	3,942,000	4,194,000
Woolworths	3,868,000	2,071,000
Westpac Banking Corp	3,598,000	4,251,000
Carlton Investments	2,959,000	2,567,000
CSL	2,055,000	1,894,000
Bank of Queensland	1,106,000	618,750
Metcash	890,000	1,969,000
Hexima	631,000	1,121,000
Infigen Energy	613,000	516,000
Wotif.com Holdings	569,000	346,377
Tassal Group	406,000	-
Souls Private Equity	360,000	355,740
GLG Corp	282,000	149,563
Alinta Energy Group	139,000	191,200
Qrxpharma	94,000	220,000
Other holdings	-	49,182,370
<b>Total Australian Equities</b>	<b>35,780,000</b>	<b>80,243,000</b>
<b>International Equity Portfolio</b>		
	\$AUD	\$AUD
Deere & Co	-	718,000
Warehouse Group	737,000	474,000
Veolia Environment SA	341,000	473,000
Delegats Group	-	374,000
Textron	347,000	244,000
Nokia	144,000	223,000
Other holdings	-	-
<b>Total Global Equities</b>	<b>1,569,000</b>	<b>2,506,000</b>
<b>Total Equity Portfolio</b>	<b>37,349,000</b>	<b>82,749,000</b>
<b>Total Cash &amp; Equities</b>	<b>68,231,000</b>	<b>118,884,000</b>

	31 July 2010	31 July 2009
<b>3. MANAGED PRIVATE EQUITIES</b>		
Macquarie Whole Sale Co-Investment Fund	4,808,000	3,532,000
AMP PEFIIIA	442,000	608,000
ANZ Business Equity Fund	3,415,000	3,796,000
Boundary Bend	2,000,000	-
Crescent Capital Partners II LP	2,338,000	2,124,000
Everest Babcock & Brown Opportunity Fund	325,000	700,000
MEIF	2,185,000	2,395,000
MEIF loan	-	(1,024,000)
Other Investments	619,000	577,000
<b>Total</b>	<b>16,132,000</b>	<b>12,708,000</b>
<b>4. PROPERTY PORTFOLIO</b>		
Retail	92,658,000	5,110,000
Commercial	3,808,000	4,151,000
Industrial	1,560,000	1,425,000
Residential	804,000	2,655,000
Property Development	1,978,000	2,539,000
Borrowings	(35,325,000)	(13,317,000)
<b>Total</b>	<b>65,483,000</b>	<b>2,563,000</b>
<b>5. OTHER</b>		
<b>Working capital, loans receivable, provisions</b>	<b>4,194,000</b>	<b>3,487,000</b>
<b>Net assets before tax on unrealised gains</b>	<b>154,040,000</b>	<b>137,642,000</b>
Estimated provision for tax on unrealised gains	(2,318,000)	(2,202,000)
<b>Net assets after tax on unrealised gains</b>	<b>151,722,000</b>	<b>135,440,000</b>
Shares Outstanding	49,892,213	42,588,378
<b>Net Assets per share before estimated tax on unrealised gains</b>	<b>\$ 3.09</b>	<b>\$ 3.23</b>
<b>Net Assets per share after allowing for estimated tax on unrealised gains</b>	<b>\$ 3.04</b>	<b>\$ 3.18</b>



GOWINGS

Investing together for a secure future

# Newsletter & Update

For the Year Ended 31 July 2010

## Outlook

The transformation of the investment portfolio over the past year will assist to provide shareholders with more stable returns in this ongoing uncertain environment.

The Australian economy remains very buoyant with low unemployment, strong terms of trade and a planned increase in new mining and infrastructure investments. Household wealth has been partially restored thanks to rising house prices and a recovery in the stock market. This positive macro environment should benefit our shopping centre investments if an anticipated increase in consumer spending eventuates.

We see the key risk to the Australian economy being rising interest rates driven by inflationary pressures and capacity restraints. The high Australian dollar will also place pressure on the export and manufacturing sectors of the economy. There also still remains significant political and regulatory risk that could result the introduction of new taxes and reforms.

Globally, the developed countries remain in poor health with the exception of Germany, which is benefiting from a low Euro currency and increased exports. In particular, the USA remains of great concern with the jobless recovery continuing, a distressed housing market and a financially stretched government which appears ready to turn the printing presses on again.

This is in stark contrast to the developing economies that continue to grow robustly. The engine room of global growth continues to be China whose new 5 year plan is due to be released in November. We remain positive on the Chinese economy in the short term, however, various trade, currency and territorial issues are developing with its partners that may see a few more speed bumps along its path to urbanisation.

We are continuing to review many interesting opportunities and have maintained strong cash reserves in order to be able to take advantage of one or more that meets our risk and return requirements.

We also remain comfortable with our current investment portfolio which is expected to deliver shareholders with a solid mix of income and capital growth in the years ahead.

## 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."