GOWINGS

Investing together for a secure future

Newsletter & Update

As at 31 January 2011

Significant Growth in Recurring Income

First half recurring income has increased 196% on the prior corresponding half – refer to table below. The driver of this increase has been the first full half year contribution from the newly acquired shopping centres in Port Macquarie, Kempsey and Coffs Harbour.

During this ongoing time of uncertainty, the decision taken 18 months ago to reposition the portfolio to a more balanced mix of income and growth assets is now paying dividends.

Interim Ordinary Dividend increased by 10%

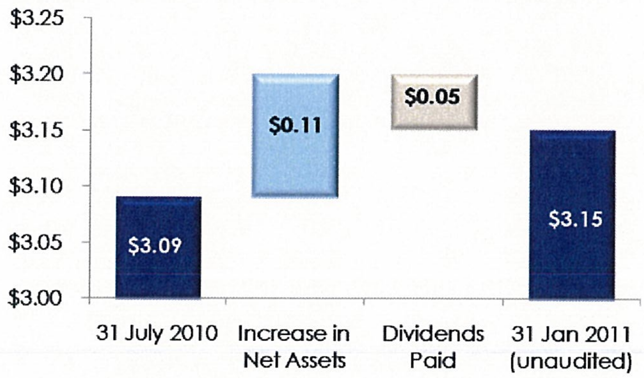
The Directors have resolved to declare a fully franked ordinary interim dividend of 5.5c (2010: 5.0c), being a 10% increase on the prior period. The decision to increase the dividend is based on the strong underlying income of the operating business.

The 5.5c fully franked ordinary dividend has a record date of 7 April 2011 payable on 21 April 2011.

Summary Recurring Earnings

For the 6 months ended:	31 Jan 2010	31 Jan 2011	Change
	($'000)	($'000)	%
Recurring Revenue			
Interest income	987	683	(31%)
Listed equities	1,048	1,496	43%
Private equities	287	88	(69%)
Investment property	1,150	6,457	461%
Total Recurring Revenue	**3,472**	**8,724**	**151%**
Recurring Expenses			
Investment property	374	1,919	413%
Administration	115	137	19%
Borrowing cost	680	1,384	104%
Depreciation	39	44	13%
Employee	650	755	16%
Public company	151	151	0%
Total Recurring Expenses	**2,009**	**4,390**	**119%**
Net Recurring Income	**1,463**	**4,334**	**196%**

Net Assets per Share (6 month movement)



Gowings' net assets per share as at 31 January 2011 were $3.15 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 $3.09 per share.

Pacific Coast Shopping Centres

The property portfolio generated a total return of 6% during the half (12% annualised) comprised of a net yield of 5.1% (10.2% ann.) and capital growth of 0.9% (1.8% ann.) The newly acquired shopping centres, located in the mid north coast growth corridor of NSW, all experienced increases in net operating income and in tenant MAT sales (Moving Annual Turnover of tenants sales).

The Directors resolved to adopt a slight increase in valuation of Port Central of $1.36 million to reflect the growth in underlying income during the 13 months of Gowings' ownership. Port Central is the centre that we have held the longest and is the most mature of the 3 centres. There was no change in the capitalisation rate of 9% used to value the centre. The other centres will be revalued as they are progressively leased up.

Listed Equities

The share portfolio generated a 7.8% return during the half compared to the ASX accumulation index of 8.0%. Solid gains were recorded in our healthcare stocks including Blackmores, Hexima and QRX in addition to dividends received from the major banks and Woolworths.

Private Equities

Private equity generated a 7.0% return during the half with realised gains in Crescent Capital and Macquarie Co-investment fund partially offset by an unrealised write down in the ANZ fund. During the half, we made one new direct private equity investment of $2 million in Tasmanian company, TPI Enterprises Ltd. TPI has successfully commercialised an innovative new process for the manufacture of pharmaceutical morphine. TPI has already achieved success in becoming one of only 8 licensed producer of morphine in the world, of which, 3 are located in Tasmania.

Cash

We continue to hold a considerable cash position at 16% of the portfolio to enable us to take advantage of a number of investment opportunities currently under review.

Outlook

The strong uplift in global growth recently has seen the market's attention turn towards the risk of inflation and rising interest rates.

However, the outlook for global growth is once again under threat from new problems including sovereign instability, oil shocks and a series of natural disasters both at home and overseas.

This adds to an already long list of problems including indebted governments, US unemployment and housing, US quantitative easing measures, sustainable Chinese economic growth, currency wars, the European Union and the ongoing deleveraging by businesses and households.

The tragic events of the Japanese Tsunami will have short and long term consequences for both the Australian and global economies by virtue of it being the 3rd largest economy in the world and Australia's 2nd largest trade partner. In the short term, global growth could be severely downgraded for any number of reasons. In the longer term, when Japan starts its rebuilding program and businesses start trading again, it has the potential to provide added stimulus to the global economy.

It is unfortunate that, just as the world was gaining real economic momentum, such a large scale natural disaster has occurred.

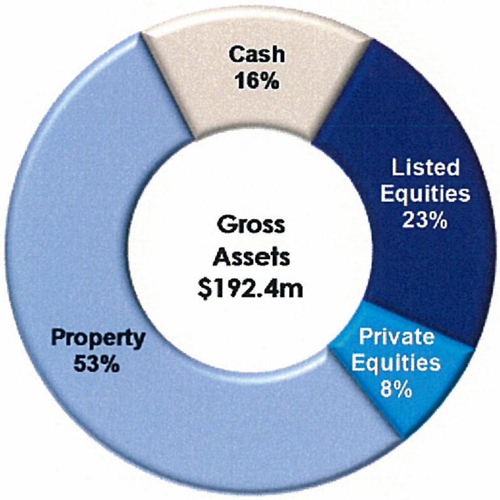
Indebted governments are still in desperate need of strong and sustained economic growth as the only real solution to their current fiscal, economic and social problems.

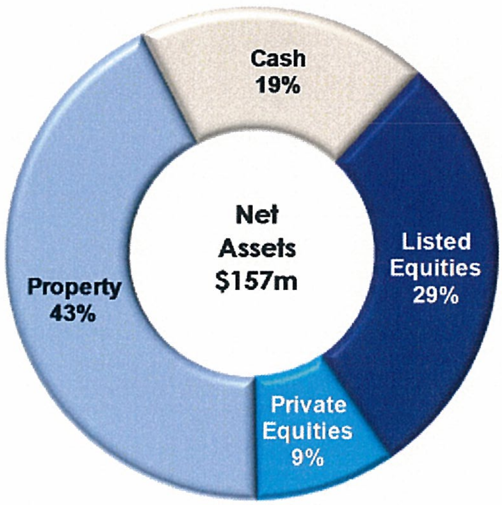
It is in line with this ongoing uncertainty that we retain a prudent mix of asset classes with the potential to generate both steady income and capital growth over the long term.

Shareholder Returns

For the 6 months ended	Before tax on unrealised gains	After tax on unrealised gains
Net assets per share 31 July 2010	$3.09	$3.04
Net assets per share 31 Jan 2011	**$3.15**	**$3.09**
Increase in net assets	$0.06	$0.05
+ Interim dividend paid	$0.05	$0.05
Total Return	**$0.11**	**$0.10**
Total Return %	**3.6%**	**3.3%**

Investment Portfolio





Gowings At A Glance

	31 January 2011	31 July 2010
1. CASH & OTHER		
Cash and term deposits	25,186,000	30,882,000
Working capital	5,258,000	4,194,000
Total Cash & Other	**30,444,000**	**35,076,000**
2. EQUITIES		
ANZ Banking Group	8,497,000	5,417,000
Blackmores	5,787,000	4,709,000
National Australia Bank	4,809,000	-
QBE Insurance Group	4,340,000	4,142,000
Commonwealth Bank	3,934,000	3,942,000
Woolworths	3,522,000	3,868,000
Westpac Banking Corp	3,449,000	3,598,000
Carlton Investments	2,978,000	2,959,000
Woodside Petroleum	1,374,000	-
Hexima	975,000	631,000
Other holdings	5,137,000	8,083,000
Total Equities	**44,802,000**	**37,349,000**
3. PRIVATE EQUITIES		
Macquarie Whole Sale Co-Investment Fund	3,346,000	4,808,000
AMP PEFIIIA	490,000	442,000
ANZ Business Equity Fund	2,723,000	3,415,000
Boundary Bend	2,000,000	2,000,000
Crescent Capital Partners II LP	915,000	2,338,000
Everest Babcock & Brown Opportunity Fund	325,000	325,000
MEIF	2,118,000	2,185,000
TSL Group	2,000,000	-
Other Investments	653,000	619,000
Total	**14,570,000**	**16,132,000**
4. PROPERTY		
Retail	94,063,000	92,658,000
Commercial	3,793,000	3,808,000
Industrial	1,560,000	1,560,000
Residential	804,000	804,000
Property Development	2,354,000	1,978,000
Borrowings	(35,300,000)	(35,325,000)
Total	**67,274,000**	**65,483,000**
Net assets before tax on unrealised gains	**157,090,000**	**154,040,000**
Estimated provision for tax on unrealised gains	(2,788,000)	(2,318,000)
Net assets after tax on unrealised gains	**154,302,000**	**151,722,000**
Shares Outstanding	49,892,213	49,892,213
Net Assets per share before tax on unrealised gains	**$ 3.15**	**$ 3.09**
Net Assets per share after allowing for tax unrealised gains	**$ 3.09**	**$ 3.04**