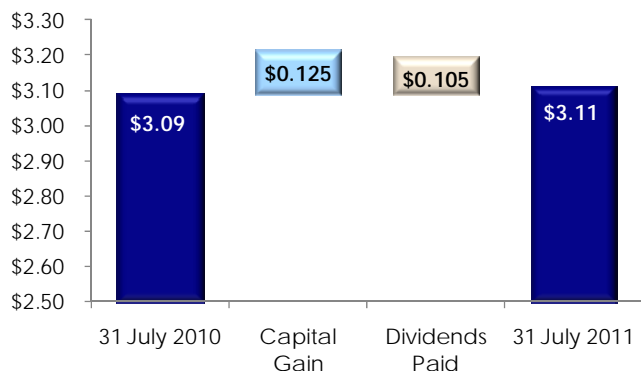




## Movement in Net Assets per Share

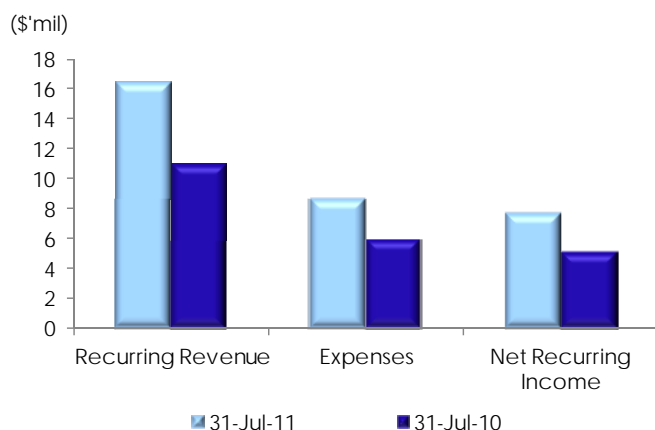


Net assets per share was \$3.11 as at 31 July 2011 before allowing for tax on unrealised capital gains. If the company were to sell its entire long term investment portfolio, its net assets per share after tax paid would be \$3.07 per share.

Gowings net assets per share increased by 12.5c during the year less the 10.5c in fully franked dividends paid to shareholders. The 12.5c increase reflects a 4% total shareholder return achieved during a difficult year – refer table adjacent.

We continue to believe that our portfolio is in a stronger position vis -a-vis than before the financial crisis in 2007 having a greater focus towards income generating assets.

## Strong Growth in Recurring Income



The decision 2 years ago to shift the portfolio towards income producing assets continues to pay our dividends during this ongoing period of volatility and uncertainty.

Recurring revenue (dividends, rent, interest received) **increased 49% during the year** to \$16.5 million (2010: \$11.1 million) following a full 12 month contribution from the newly acquired shopping centres. Net recurring income before tax **increased 53% to \$7.8 million** (2010: \$5.1 million).

## Shareholder Returns

	Before tax on unrealised gains	After tax on unrealised gains
Net assets per share 31 July 2010	\$3.09	\$3.04
<b>Net assets per share 31 July 2011</b>	<b>\$3.11</b>	<b>\$3.07</b>
Increase in net assets	\$0.020	\$0.030
+ Ordinary fully franked dividends	\$0.105	\$0.105
<b>Total Return*</b>	<b>\$0.125</b>	<b>\$0.135</b>
<b>Total Return %</b>	<b>4.0%</b>	<b>4.4%</b>
<b>S&amp;P ASX Accumulation Index</b>	<b>2.7%</b>	<b>2.7%</b>

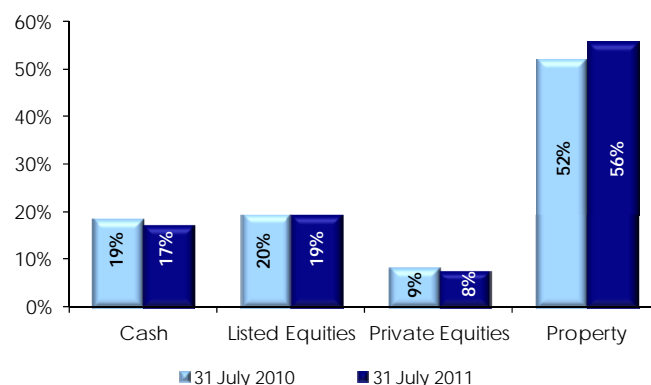
\* Shareholder returns are after all internal management expenses, operating expenses and tax paid.

## Dividends Paid



The board of directors have declared a **5.5c fully franked final dividend** per share bringing total 2011 dividends to 11c (2010: 10c) representing a 10% increase on the prior year. The final dividend of 5.5c is payable on 21 October 2011 with a record date of 7 October 2011.

## Investment Portfolio Mix





## Outlook

Whilst we are not immune to the ongoing uncertainty in global economies and markets, we are well positioned with a mix of long term investments across different asset classes.

Our long term **listed equity investments** (19%) have been selected on the basis that they possess several key attributes that will see them grow over the long term including, dominant industry position, competitive advantage, strong management, sound balance sheet and dividend payment history.

Our **property portfolio** (56%) comprised primarily of the 3 shopping centres remains in very good health. We have actively managed each centre over the past 12 months and have been successful in increasing recurring revenue, net operating income and in maintaining occupancy levels across all centres.

We have also launched upgrade programs at all 3 centres to assist in strengthening both rents and occupancies. Port Central has just commenced a \$1 million upgrade to its façade and food court. Kempsey Central is halfway through a \$2 million upgrade including new lift, travelator, toilets and façade works. Moonee Beach is about to commence a \$0.3 million upgrade to its food court, signage and weather proofing.

The **private equity portfolio** (8%) includes both managed and direct private equity investments which have the potential to provide significant capital gains over the long term. Managed private equity investments are relatively mature investments with managers working towards exits dependant on the market conditions. Recent direct private equity investments are in the initial stages of investment and would typically have another 5 years before an exit would be considered.

We retain a healthy level of **cash reserves** (17%) in order to take advantage of opportunities as they present themselves. As per the past 2 years, we have maintained a disciplined approach to making new investments with a number of opportunities having been rejected over the past 12 months.

We again remain comfortable with our current investment portfolio which is well positioned 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."

John Gowing  
Managing Director



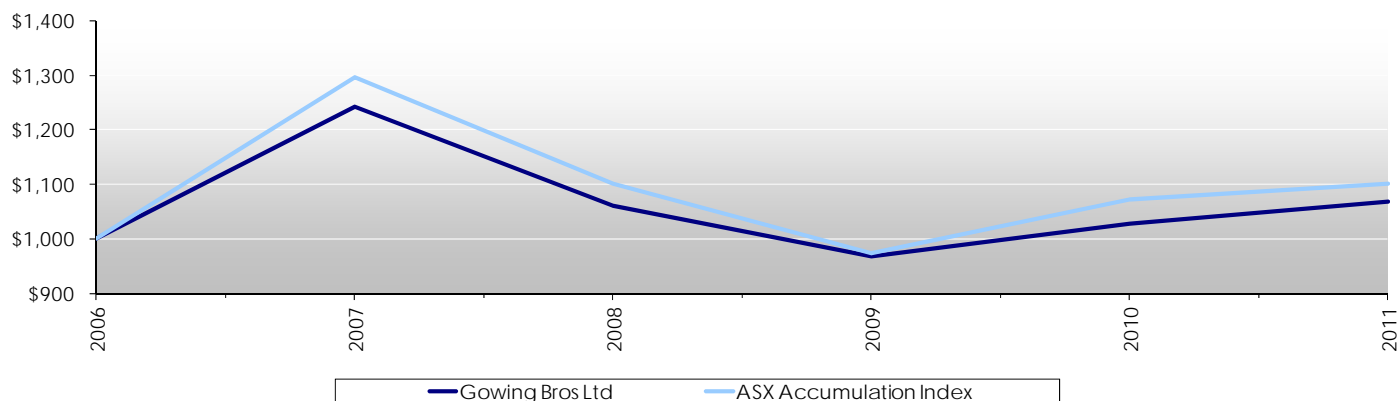
## Recurring Income

	31 July 2011	31 July 2010	Year on Year
	12 months	12 months	Movement
	(\$'000)	(\$'000)	%
<b>Recurring Revenue</b>			
Interest received	1,181	1,468	(20%)
Dividends received	2,758	2,752	0%
Private equity distributions	183	520	(65%)
Rent received	12,377	6,325	96%
Other revenue	-	2	(100%)
<b>Total Recurring Revenue</b>	<b>16,499</b>	<b>11,067</b>	<b>49%</b>
<b>Expenses</b>			
Investment property expenses	3,825	1,939	97%
Administration expenses	282	256	10%
Borrowing cost expenses	2,757	2,044	35%
Depreciation expenses	96	78	23%
Employee expenses	1,447	1,311	10%
Public company expenses	301	351	(14%)
<b>Total Expenses</b>	<b>8,708</b>	<b>5,979</b>	<b>46%</b>
<b>Net Recurring Income</b>	<b>7,791</b>	<b>5,088</b>	<b>53%</b>
<b>Non Recurring Income</b>			
Gains (losses) on disposal or revaluation of:			
Listed equities	473	4,922	(90%)
Private equities	819	839	(2%)
Investment properties	1,338	297	351%
Development properties	133	100	33%
FX gains (losses)	(1,129)	196	(676%)
Other income	70	61	15%
Unrealised impairment listed equities	(1,622)	(3,552)	(54%)
<b>Net Profit Before Tax</b>	<b>7,873</b>	<b>7,951</b>	<b>(1%)</b>
Income tax (expense) benefit	(1,332)	(1,376)	(3%)
<b>Net Profit After Tax</b>	<b>6,541</b>	<b>6,575</b>	<b>(1%)</b>

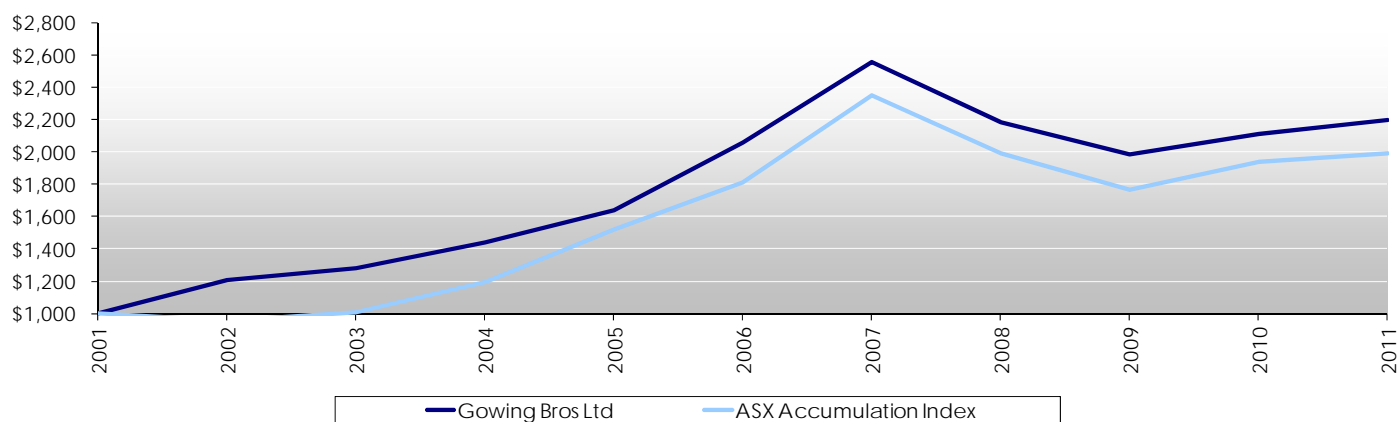


## Shareholder Returns

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



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

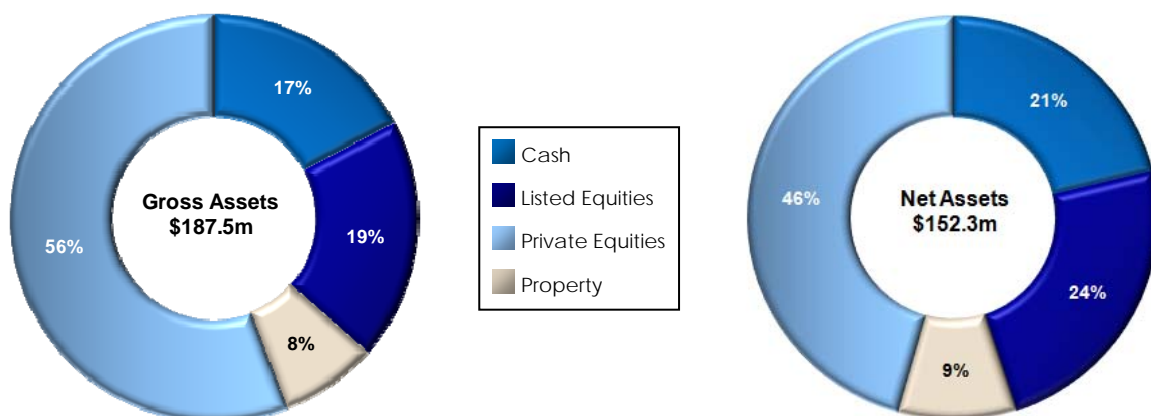


	31 July 2011	31 July 2010	31 July 2009	31 July 2008	31 July 2007
Per Share	(12 months)	(12 months)	(12 months)	(12 months)	(12 months)
Opening net assets <sup>1</sup>	\$3.09	\$3.05 <sup>2</sup>	\$3.82	\$4.71	\$3.87
<b>Closing net assets</b>	<b>\$3.11</b>	<b>\$3.09</b>	<b>\$3.23</b>	<b>\$3.82</b>	<b>\$4.71</b>
(Decrease) / increase	\$0.020	\$0.04	(\$0.59)	(\$0.89)	\$0.84
+ Ordinary dividends paid	\$0.105	\$0.10	\$0.10	\$0.10	\$0.10
+ Special dividends paid	-	\$0.05	\$0.15	\$0.10	-
Total return	\$0.125	\$0.19	(\$0.34)	(\$0.69)	\$0.94
<b>Total return %</b>	<b>4.0%</b>	<b>6.2%</b>	<b>(8.9%)</b>	<b>(14.6%)</b>	<b>24.3%</b>
S&P ASX 200 Accum. Index	2.7%	10.1%	(10.2%)	(15.6%)	25.3%

<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 2011	31 July 2010
<b>1. CASH &amp; OTHER</b>		
Cash and term deposits	27,736,000	30,882,000
Working capital	4,594,000	4,194,000
<b>Total Cash &amp; Other</b>	<b>32,330,000</b>	<b>35,076,000</b>
<b>2. EQUITIES</b>		
ANZ Banking Group	7,436,000	5,417,000
Blackmores Ltd	5,852,000	4,709,000
National Australia Bank	4,680,000	-
QBE Insurance Group	4,067,000	4,142,000
Woolworths Ltd	3,554,000	3,868,000
Westpac Banking Corp	3,063,000	3,598,000
Carlton Investments	2,827,000	2,959,000
Woodside Petroleum	1,266,000	-
Wotif.com Holdings	966,000	569,000
Seek Ltd	496,000	-
Other holdings	1,988,000	12,086,000
<b>Total Equities</b>	<b>36,195,000</b>	<b>37,348,000</b>
<b>3. PRIVATE EQUITIES</b>		
Macquarie Whole Sale Co-Investment	2,740,000	4,808,000
ANZ Business Equity Fund	2,100,000	3,415,000
TSL Group	2,000,000	-
Boundary Bend	2,000,000	-
Macquarie European Infrastructure	2,056,000	2,189,000
Crescent Capital Partnership Ltd	1,267,000	2,338,000
Hexima Limited	875,000	-
Other Investments	1,246,000	3,382,000
<b>Total Private Equities</b>	<b>14,284,000</b>	<b>16,132,000</b>

	31 July 2011	31 July 2010
<b>4. PROPERTY</b>		
Retail	95,684,000	92,658,000
Commercial	4,087,000	3,808,000
Industrial	1,500,000	1,560,000
Residential	982,000	804,000
Property Development	2,354,000	1,978,000
Borrowings	(35,125,000)	(35,325,000)
<b>Total Property</b>	<b>69,482,000</b>	<b>65,483,000</b>

	31 July 2011	31 July 2010
<b>Net assets before tax on unrealised gains</b>	<b>152,291,000</b>	<b>154,039,000</b>
Estimated provision for tax on unrealised	(1,988,000)	(2,318,000)
<b>Net assets after tax on unrealised gains</b>	<b>150,303,000</b>	<b>151,721,000</b>

	49,003,325	49,892,213
Shares Outstanding		
<b>Net Assets per share before estimated tax on unrealised gains</b>	<b>\$ 3.11</b>	<b>\$ 3.09</b>
<b>Net Assets per share after allowing for estimated tax on unrealised gains</b>	<b>\$ 3.07</b>	<b>\$ 3.04</b>