



Hello Investors,

Welcome to GSI's 2010 Winter edition of 'The Investor Newsletter'.

In this edition, we present a range of articles

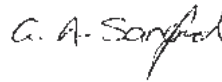
which we hope you'll find informative including;

- Business update
- Welcome to Jenny Byrne
- An introduction to Denis Walter
- A tribute to Alan Murray Graham - OAM
- GSI competitions - Farm World Lardner and the East Gippsland Field Days
- Talking history – a look at the history of 119 Main Street Bairnsdale and some past Directors

This time of year also sees the end of one financial year and the beginning of the next.

To assist investors with their tax preparation etc., we will again be issuing the annual interest advice letters in the first few weeks of July.

We trust the new financial year brings you good health, happiness and prosperity and we look forward to being of service to you into the future.



Glenn A. Sanford
Managing Director



Mountains – Omeo, Photo courtesy of Michael Chan

Introducing Denis Walter

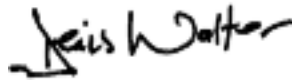
To assist GSI in promoting its 40 year milestone, the company has engaged well known Australian entertainer and media personality Denis Walter. Denis was the perfect choice for GSI because of the affinity Gippslanders have with him from his time on regional television, particularly as newsreader for WIN TV and his early years as part of Young Talent Time. Dennis has a great rapport with the people of regional Australia and really enjoyed his time in Gippsland filming and recording our commercials.

Currently part of the 3AW team, Melbourne's leader in news and current affairs, Denis said;

"When you're in my position, you don't take endorsing a business in such a public way lightly and I certainly haven't. I did my research on GSI

and how they operate and am pleased to be associated with them as they celebrate their wonderful 40 year history. GSI is rightly proud of its history of assisting the growth and development of Gippsland and the people of Gippsland should be too. GSI is great for regional Victoria as it provides a means by which local money can be kept in the region – locals supporting locals".

The GSI staff and guests involved in the filming were thrilled with the opportunity to spend time with Dennis and appreciate first hand his great presentation skills and warm, friendly nature.




WIN

a chance to meet
Denis Walter.

(Watch this space in our
Spring Edition for details)

Business Update

Federal Budget 2010

– 50% Savings Discount for Interest Income

Among the 2010 Federal Budget announcements was some good news for those receiving interest income.

From 1st July 2011, a 50% tax discount will be available on up to \$1,000 of interest earned by individuals from a range of deposits including debentures.

By way of example, in order to earn \$1,000 of interest, a GSI investor would need a deposit of \$15,151 for one year in our 12-Months Fixed Term Account paying 6.6% pa.

The tax discount will apply to interest income earned directly and indirectly, such as via a trust or managed investment scheme, but will not apply to superannuation funds.

Term Deposit rates

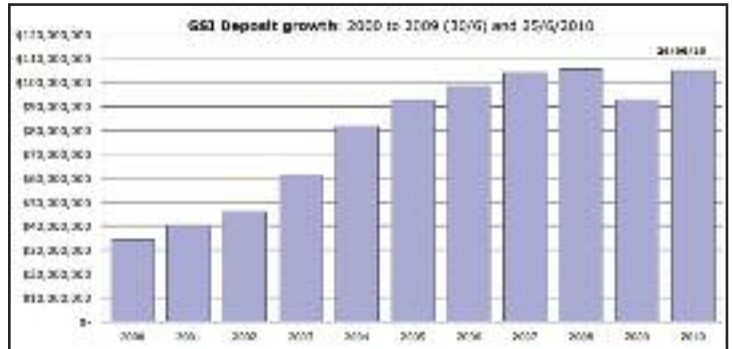
With the advent of the GFC, competition for deposit funds increased significantly. The alternative funding sources traditionally available to the banks etc. such as offshore wholesale funding dried up and they needed to look closer to home. That competition from the many players in the industry drove up rates and it proved a boon to investors. Over the past few months however, we've seen an overall softening in term deposits available in the marketplace. This has been influenced by a number of factors including;

- A lessening of the reliance by the major banks on their depositors for finance;
- The arrival of the RBA cash rate at more "normal" levels and a lower expectation of further increases.

GSI

GSI's fixed interest rates have been unchanged since February, apart from our "40th Birthday Special" at 7.5% pa. which ran from 21st May to 25th June. This new product was for a limited time and released to celebrate our 40th year of operation, as well as to satisfy some of the demand we're seeing for new borrowings. The high level of interest generated allowed us to make it available for approx. 5 weeks and we hope to run something similar later in the year.

We have continued to experience good inflows of funds overall, and the following graph shows GSI's present deposits in an historical sense.



Glenn A. Sanford
Managing Director

GSI competitions

Farm World – Lardner Park



Noel Pullen and GSI Business Development Manager Karen Cox

Located one hour's drive from Melbourne and only 10 km's from Warragul, Farm World Lardner Park has grown to become Victoria's largest regional agricultural event, attracting more than 650 exhibitors and 50,000 people through the gates over the 4 days from Thursday 25/3/10 to Sunday 28/3/10.

Farm World is in its 48th year at Lardner and GSI was a first-time exhibitor.

As part of our display, GSI ran a 'Question and Answer' competition. The lucky winner of the competition, drawn under independent supervision on Monday March 29, 2010 was David Wood of Drouin who won an 'At-Call Savings Account' with a deposit balance of \$100. The key question was "what

year was GSI established" and it was pleasing to note that everyone answered with "1970" – no doubt due to it's prominent display around the site.



Warragul Branch Manager Noel Pullen with David Wood.

East Gippsland Field Days – Bairnsdale



Admin Assistant/Investment Officer Joanne Hurley and Karen Cox

Friday 30th April and Saturday 1st May, were the dates of the 2010 East Gippsland Field Days in Bairnsdale. The weather was ideal and it proved a bumper year for the organizers, with admissions over the two days setting a new record and the number of site holders well up on previous years.

For the past five years GSI has supported the Field Days with various competitions and this years 'Guess the weight of the cow' competition attracted plenty of interest. We had over 400 entries with no-one guessing the correct weight of Keith's (GSI Lending Manager's) pregnant cow, which was 768 kg. However, the closest guess and therefore winner of the competition was Gail Baird, of Marlo.



Lending Manager Keith MacCubbin with Gail Baird.

Talking history

1970

As we celebrate our 40th year, it's interesting to look back at some of the events that were shaping our world in 1970;

- January Robert (Bob) James Lee Hawke elected ACTU president.
- February Poseidon Mining Company nickel shares reach \$280. The Indian Pacific passenger train's inaugural journey. The journey from Sydney to Perth covers 4,352 kms.
- March Poseidon shares fall to \$145 (23/3).
- May Vietnam war moratorium demonstrations across the country.
- July The new Melbourne airport opened at Tullamarine.
- September Carlton defeats Collingwood in VFL Grand Final after being 44 points down at half time. Record crowd of 121,696
- October The collapse of the West Gate Bridge span in Melbourne.
- November Seatbelts became compulsory in cars in Victoria. Pope Paul VI arrived in Sydney.



Head Office

GSI's head office at 119 Main Street Bairnsdale has an interesting history.

In 1870 the corner site of Main Street and Bailey Street (previously known as McMillan Street) was occupied by Hosie's Old Mitchell Hotel. The hotel was destroyed by fire in 1885, rebuilt as the Victoria Hotel by then Licencee JJ Grogan.

GSI purchased the building in 1969 and it has since undergone several renovations as the pictures show



Past Directors



Mr. Peter Ryan

Peter Ryan served as a Director of GSI for over 10 years – from 1979 to 1990.

Originally from Lockington in Northern Victoria, Peter was admitted as a Barrister and Solicitor in 1974 and commenced legal practice with Warren, Graham & Murphy (WG&M) Solicitors in Sale that same year.

Peter soon progressed to become a Partner of WG&M in 1976 and then held

the position of Managing Partner from 1989 until his retirement from the firm in 1991.

Peter joined the GSI Board in December 1979 and remained until his career in politics beckoned.

Peter was elected into the Victorian Legislative Assembly in 1992 by winning the seat of Gippsland South and in 1999 was elected unopposed as leader of the Victorian National Party, a position he holds to this day.

Peter is presently Shadow Minister for Police and Emergency Services, Shadow Minister for Regional & Rural Development and Shadow Minister for Bushfire Recovery.

Peter and his wife Trish were two of the esteemed guests at GSI's 40th year celebrations in November 2009. As part of his speech at the dinner, Peter said *"I have no doubt that GSI has been the primary economic driver of development in Gippsland over the course of its 40 years of existence. Other elements of the financial sector have been prepared to pick and choose when it has suited them from time to time; GSI has been an absolute constant. Congratulations to everyone past and present at GSI"*.

GSI is proud to count Peter Ryan as a past Director of the company and we continue to follow his political career with a great deal of interest.



Mr. Brian Lightfoot

Brian Lightfoot served as a Director of GSI for over 17 years from 1986 to 2003.

Originally from Melbourne and practicing Law for almost 30 years, Brian was a former partner of legal firm Warren, Graham and Murphy, a former member of the Board of Directors of Gippsland Grammar School and a past President of the Gippsland Law Association and the Victorian Eastern

Development Association (VEDA).

In 1995 Brian and wife Helen established Lightfoot & Sons Myrtle-Point Vineyard which consists of the planting of Pinot Noir, Shiraz, Chardonnay, Cabernet Sauvignon and Merlot grape varieties. Currently managing the vineyard, Brian is also a VCAT board member and continues his association with GSI as the independent chair of the 'Loan Approval Committee'.

GSI is fortunate that Brian can still find time in his busy schedule to lend his wealth of knowledge and expertise to the company, not to mention our ready access to his 'Unwooded Chardonnay' that's one of the staff's favourite wines.





Website a valuable source of information

Have you taken a look at our website lately? With the introduction of Denis Walter and our 40 year celebrations, we have added some great moving features and given it a fresh new look.

Over the past 18 months we have seen and experienced some exceptional times in the finance industry. At GSI, we have identified the need for more informative communication with our clients via our website, which now has quite a deal more content, including company notices etc.

Whilst we will continue with traditional forms of communication via our annual Prospectus, Investment maturity advices, annual interest advices and our seasonal newsletters, we encourage all internet users to visit our website for access to new reports and publications.

www.gsi.com.au

GSI congratulates



On 23rd March 2010, Trudi Henn, GSI Investment Officer in Bairnsdale,

celebrated her 40th Birthday. Trudi has since decided to pursue her interest in Real Estate and joined local firm King & Heath First National.

From all at GSI, congratulations to Trudi on her notable milestone and we wish you all the best for the future.

GSI welcomes



Trudi's departure from the front desk at Bairnsdale has lead to the appointment of new staff member Jenny Byrne. Jenny comes to GSI with a wealth of banking knowledge and experience from the Westpac Bank in Bairnsdale. Next time you are in Bairnsdale, please drop in and say hello to Jenny. We are sure you will find her attentive, friendly and happy to assist you with your investment needs.

Bowling into finals

For the past 5 years, GSI has supported the Bairnsdale Bowls Club by entering a team in the corporate bowls tournament 'Crackerjack' Bowls, which is played on Tuesday nights between the months of December and March each year.

Of the 28 graded teams, GSI was in the good company of 7 other teams which formed the 4th grade - 'Kryptonite'. This year's team was very excited to make it through to the finals and as the underdog, won our preliminary final against the staff of the 'East Gippsland Specialist' school. Although the tournament is about having fun, the grand final was a competitive event playing the experienced members of 'Bairnsdale Tattslotto'.

After a disappointing start (down 9 - nil), GSI came back to be trailing by only 2 (13 -11) with one end remaining. After putting on a gallant effort, GSI finished with a respectable loss of 16-12. We congratulate all the winning teams of the tournament and in particular Ross Heath for once again organising this great corporate social event.



Team GSI – John Stephenson, Glenn Sanford, Trish Keat, Michael Yates and Karen Cox.

Alan Murray Graham



GSI has been deeply saddened by the death of one of its founding fathers in Alan Murray Graham, who passed away on 15th May, 2010 in Melbourne, aged 86.

Born on the 4th June 1923 in Brighton Victoria, Murray spent his early childhood in Foster and Gunbower before completing his secondary school education at Scotch College.

He began a Commerce degree at Melbourne University before volunteering for the Australian Army following the outbreak of World War II. He transferred to and trained in the Royal Australian Air Force and flew Spitfires for the Royal Air Force, 72nd squadron, in the Middle East and Italy.

In 1949, he completed an Honours degree in Law at Melbourne University, for which he was awarded (jointly) the Supreme Court prize. He was also awarded a University Blue for football. Following his Masters degree and his articles with Arthur Robinsons, Murray and his young family moved to Bairnsdale in 1952 to join the firm of Warren and Thomson. From these beginnings, the law firm now known as WG&M evolved and expanding throughout Gippsland.

Over the next 42 years Murray involved himself extensively in the community of Bairnsdale and East Gippsland. He was the creative force behind the establishment of Victorian Eastern Development Association, and the development of tourism in East Gippsland. He was instrumental in the formation of Gippsland Secured Investments. He was involved in the growth and development of the Ski Club of East Gippsland and was an active member of Rotary and Legacy.

In 1990 Murray was awarded the Medal of the Order of Australia (OAM) in recognition of his service to the community and to tourism.

Murray will be remembered with enormous reverence and affection by everyone at GSI and all those who came in contact with him.



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www.gsi.com.au

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Growing Gippsland's Future