

FEATURING

- > Word from the GM
- > Case Study – FOB Direct
- > Financial Commentary
- > WIN an i-pad 3

LOCKFinance

Word from the GM, Craig Brown

Another New Year is upon us



Happy New Year and welcome to 2013. The Senior Management and staff of Lock Finance would like to wish you all a fantastic year and hope you all can adhere to most of your New Years resolutions for as long as possible.

I would like to start the 2013 year with a huge thank you to Simon Thompson our former CEO. Simon has been part of Lock Finance for 9 years initially as General Manager then CEO since 2009. Simon has decided to take a back seat, retaining a position on the Lock Finance board so that he can focus on his consultancy work with the World Bank.

We are delighted to be able to retain Simon's significant experience and knowledge within the company. This has allowed me to take on some additional responsibilities and ensure that we remain a financier of choice for the SME market.

Some issues that we see being a feature of 2013 in no particular order are:

- The Black Caps test batting performances.
- The mental scars of the All Blacks loss to England.
- When do I fix my home mortgage and for how long.
- Will our slow and fragile economic recovery continue?

I can fix the first two:

- Pick more Australians and South Africans for our cricket team.
- Pick more Chiefs players for the All Blacks.
- The other two I will leave to the Government and overseas influences but mostly to the business owners who are the ones doing the actual business.

Looking forward to 2013 we wish to reaffirm our confidence and commitment to NZ's SME market. Our core strategy of focusing on our Debtor lending products and Transactional trade / stock facilities will continue to allow us to meet many businesses funding requirements.

The one thing I can confirm is that we have been able to assist our new clients fund great growth opportunities. We are also seeing some very positive signs within our portfolio of existing clients so we do hope that this is another positive sign of things to come this year.

This focus has allowed us to ensure that we are offering very competitive rates and a continued high level of service. One thing that has not changed however is our ability to offer more flexible facilities than others in our market.

So why not try us out and see what we can do.

I would also like to take this opportunity in which to point out our special offer for any successful referrals up to the 31st March 2013 which results in a settled deal. I look forward to being able to deliver one of these items to you in the near future.

Here is hoping that everyone has a great year.

Craig Brown

General Manager Lending

Case Study

FOB Direct

Warren Bird

Warren Bird has been in the apparel business for over 25 years. His first company, originally known as PSI Ltd and now renamed FOB Direct, was the first company to import garments into New Zealand and also the first company to import apparel to New Zealand from China.

Warren explains:

'I have accumulated a vast amount of experience working in China and have a fully registered import/export company based in Beijing.

My Beijing company exports garments ranging from swim wear, denim, fleece, knitwear, woven pants and shorts to the USA, Australia, New Zealand and Europe.'

It was the move of much of FOB's production to Bangladesh, which started the company's relationship with Lock Finance.

Warren says: 'We have opened an office in Dhaka, Bangladesh to manage our production there. We started working with Lock Finance in the second half of 2010 when we needed to open up letters of credit with Bangladesh. The amount we required for our growing business was substantial and although we had good security but it wasn't big enough for the banks to be able to help us with the finance tools they had available. The bank referred us to Lock Finance, which was in much better position to assist with its Trade Finance package.

'We went through the normal process of providing them with our forecasts and financial details and after studying the details, Lock Finance came back to us with a proposal which was sufficient for what we needed. The business escalated very quickly and we had to go back another two times within six months. From 2011 to 2012 we grew 300% which brings its own difficulties but our relationship with Lock Finance has helped see us through.'

Image courtesy of www.freedigitalphotos.net

2012 - A Pretty Bland Year in terms of Performance

2012 was a pretty bland year in terms of the performance of the local economy, delivering around 2% growth. 2013 should not only deliver somewhat above average economic growth, but it will also deliver several interesting special events that will have significant impacts on numerous firms.

The chart shows that leading indicators of economic growth and consumer spending ended 2012 on stronger notes. This is a good sign for growth prospects in 2013.

NZIER's own activity survey rose to the highest level since 2007. The Westpac McDermott Miller consumer confidence survey also rebounded. These surveys should improve further as the drivers of stronger growth filter around the economy.

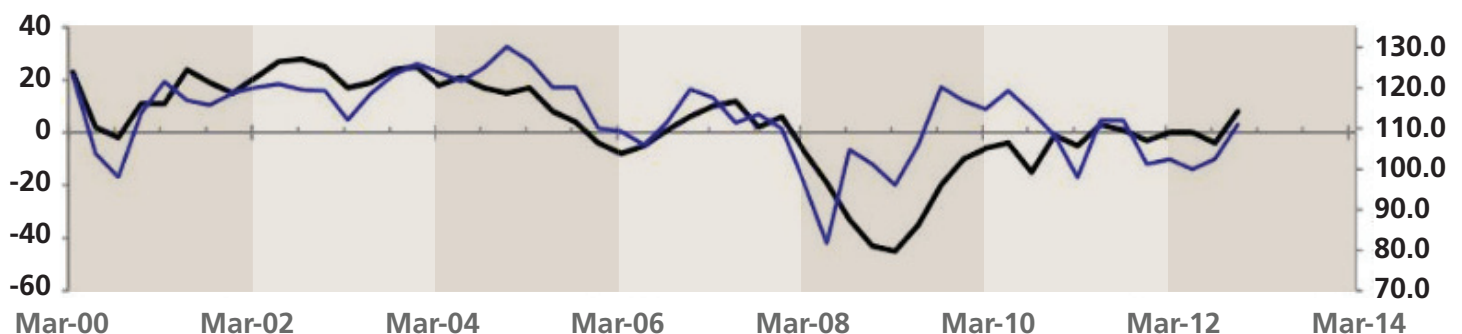
Most importantly, 2013 should deliver a surge in residential, non-residential and infrastructure rebuilding in Canterbury. A wide range of firms will supply goods and services to the rebuilding and it will fuel stronger employment and income growth.

Rebuilding in Canterbury should be aided by a moderate upturn in residential building in the rest of the country driven by the fall in interest rates in 2012. This upturn could be aided by improved net migration.

Net migration is already being boosted moderately by immigrant workers for the Canterbury rebuilding. At some stage the outflow of Kiwi workers to Australia will abate and drive a more significant improvement in net migration, although it may not arrive until 2014.

The financial crisis has started to heal, resulting in lower overseas funding costs for banks and lower fixed mortgage rates. More healing should occur in 2013. In the first instance this could mean lower interest rates. But the healing is likely to also result in higher international and local wholesale interest rates. And when combined with stronger economic growth, healing in the financial crisis brings with it the risk that token OCR hikes could start before the end of the year.

The NZD will most likely remain high and could head even higher driven by increased international risk appetite resulting from the healing in the financial crisis and improved local growth performance.



The chart shows NZIER's survey of firms' experienced activity (black line, left scale) and the Westpac McDermott Miller consumer confidence survey (blue line, right scale).

Referrals - your chance to WIN

WIN an i-pad 3

Refer your client to Lock Finance during February and March 2013 and you will receive an i-pad 3. Terms and Conditions apply.

Your referral must turn into a new Client for Lock and there are 20 i-pads to be won so be in quick to win.

Contact Craig Brown today:

DDI. 09 375 8502

Mob. 0274 764 297

EMAIL: craigb@lockfinance.co.nz



S.H. Lock (NZ) Limited
Level 14, Tower Centre
45 Queen Street, Auckland 1010
PO Box 106 054
Auckland 1143
Phone: 09 375 8500
Fax: 09 375 8529

0800 ASK LOCK

LOCKFinance