



LOCK Finance

LOCKED & LOADED

Making use of Trade Finance to enhance your business

In the world of Trade Finance, having a financial partner with a range of options, competitive pricing and experience, can go a long way in calming the often choppy seas of dealing internationally.

For many years, Lock Finance has been such a partner for a number of companies in New Zealand, helping them maximise cash flow – the life line of any business.

Whether you are an importer needing an urgent payment made in a foreign currency to a supplier overseas or an exporter expecting proceeds in a foreign currency, Lock Finance can assist.

Through a facility with a major New Zealand bank

with a growing international presence, Lock Finance is able to provide its clients a full range of Trade Finance products and highly competitive FX rates for payments and receipts in foreign currencies.

Here are just a few ways we can help:

Foreign Exchange

Lock Finance is able to offer spot (same day) and forward rates in all major trading currencies for both the importer and exporter. For an example, clients have used this service to have their Australian Dollar receipts converted and applied to their Revolving Credit Facility which has proven to be an effective cash flow management tool. Talk to our experts to

find out how you can mitigate currency risk exposure by having appropriate forward contracts in place.

Telegraphic Transfer

Whether you are an importer wanting funds remitted to a supplier or an exporter receiving foreign currencies, Lock Finance can facilitate the transaction. We are flexible in customising our services to our clients' need. We have helped importers remit funds to their suppliers, using their Trade Bill, Revolving Credit, Debtor Finance or Full Service Factoring Facility to finance the transaction rather than using cash at hand.

Letters of Credit

A letter of credit is an indispensable tool to help free

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Special Promotional Offer!
Details inside.

Making a difference in the community
Staff profile - Brenton Cullen

up cash flow for importers. We can arrange a letter of credit on a client's behalf using our facility whereas the client may not be able to arrange one with their own bank. Overseas suppliers will often provide more favourable terms or accept first time orders with this "guarantee" of payment against presentation of documents once goods have been shipped. There is also the advantage that full payment or a deposit is not required on placing an order.

For more information about our Trade Finance solutions, contact your Lending Manager or Brenton Cullen on (09) 375 8515 from the Trade Finance Team.

HAVING A BALANCED CONVERSATION

Since becoming CEO I have enjoyed meeting more CEOs and business owners, both clients and non-clients, to talk about how their business is tracking. We have met many inspired business people who have abundant drive and passion to succeed. Recent feedback and indicators point to an economy still in recovery mode, albeit slowly.

One recurring theme in these chats that is a little concerning is that financial discussion always seems to be about the Profit & Loss (P&L). Hardly anyone, unless prompted, highlights the Balance Sheet.

While it is good to hear of revenues recovering and costs being contained, few business owners speak of inventory levels, debt management, and more importantly, the strength of their equity.

In this tight market the balance sheet, arguably, needs more attention than the P&L. Besides having clear business goals, most world class businesses have clear metrics defining the health of their business. I encourage business owners to think about what

the ideal model for their business is. What are your benchmark goals in terms of stock management, debt management and debt-to-equity ratio?

Constant assessment of where your business is relative to where your targets are will help deliver the success you want. Having details of your balance sheet is vital. I find it scary when CEOs do not know these numbers reasonably accurately, only that "stock is probably up a bit". Manage your balance sheet aggressively and your business will benefit.

Ironically in our own business here our stock has also been running quite high -- in other words we have money to lend! We have added several new clients in recent months and welcome all of them. Although credit is still tight, Lock Finance remains open to good new business opportunities and we appreciate referrals from our clients.

As we approach the cooler part of the year I hope you will stay warm, dry and busy. But most of all, keep the passion!

Simon Thompson
CEO, Lock Finance

SPECIAL PROMOTION

CHOOSE YOUR OWN POISON

Lock Finance are actively seeking new business. As a small gesture of thanks for every new referral which results in business, you will receive a bottle of whiskey or your choice of poison.

Call **0800 ASK LOCK**. We would love to hear from you! Our normal lending criteria applies.



CASE STUDY



Challenge:

Nero Italia, an importer of coffee, coffee machines and accessories, faces peaks in cash flow demand during importing periods.

Situation:

The need to import in large quantities, to achieve economies of scale and maintain supply, often put strains on this growth company's finances. Traditional financiers would not lend without "bricks and mortar" as security.

Solution:

Lock Finance provided Nero Italia with a revolving credit facility, enabling the company to commit to larger volume orders and manage the resulting cash flow demand peaks.

Philip Dowling bought a coffee business in 2005, literally, over a cup of coffee. His business, Nero Italia, represents Caffè Moak S.p.A., owned by the Spadola family in Italy and through this relationship, transports a piece of Sicily's historic coffee culture to New Zealand.

Passionate about coffee, Dowling has

Nero Italia
A passion for fine espresso

Nero Italia gets boost in coffee importing business

pitched Nero Italia's products at the premium-end of the market - hence, no supermarket presence but a focus on niche caffè's and restaurants that will make his coffee the talk of the town.

His company imports a selection of Caffè Moak's premium range coffee bean blends and espresso pods, chosen after exhaustive tasting sessions, specifically for New Zealand palates. He also imports coffee machines and a range of accessories. Sophisticated roasting and packaging technology, all produced under strict certified ISO quality and environmental standards, keeps Caffè Moak coffee fresh despite the long journey from Italy to New Zealand, Dowling says.

Nero Italia has been experiencing steady growth as it carves out a niche for itself, however recent growth trends resulted in the need to import larger quantities which has strained cashflow.

Through a business contact, Dowling was introduced to Lock Finance who assisted by providing a revolving credit facility to tide Nero Italia over the peaks in cashflow demand.

"This has helped us tremendously in terms of smoothing out the peaks in

our cashflow. The team (from Lock) has been very supportive and helpful and, as a result, the continuing growth in business is manageable which, in turn, allows me more time to work on market development."

Special for Lock Finance clients:

Nero Italia is offering a 10% discount for its Leonardo range of Espresso pod machines, a perfect solution for offices wanting café-quality coffee for staff. For more information visit www.neroitalia.co.nz or contact Phil Dowling at Philip@neroitalia.co.nz



“

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Philip Dowling

Economic recovery faces some headwinds

The economic recovery faces some headwinds and there are uncertainties because of the Greek-European debt crisis, but this is a time to have faith in Governor Bollard's desire to underwrite robust economic growth.

The economic recovery is not yet as strong as the leading indicators have been predicting. The primary culprit is consumer spending. Consumer confidence has been well above average, but this seems to partly reflect people being more confident because they are saving more and repairing their balance sheets.

The Greek-European debt crisis raised its ugly head in February and plagued financial markets again in May. Local banks continue to rely heavily on overseas funds, which makes NZ vulnerable to adverse international developments like the Greek tragedy/stupidity.

However, this should not be a time for pessimism about economic growth, even though there is reason for being concerned about housing market prospects.

The rise in the BNZ-Business NZ manufacturing survey shown in the chart is a good example of the economic recovery filtering around the economy. NZ still has a sizeable manufacturing sector and it is benefiting from a recovery in exports and from stronger domestic demand. The rise in the NBNZ survey of employment intentions to above average levels also reflects the broadening and strengthening of the economic recovery.

Governor Bollard observed in a speech on 6 May that the "recovery so far has been full of surprises. There will be more to come." Recent "surprises" have come in the form of negative shocks

The RBNZ cannot protect us from the initial impact of shocks, but of most importance to prospects over the next 12-18 months is the RBNZ's commitment to underwriting robust economic growth. The Budget provided some support to this objective.

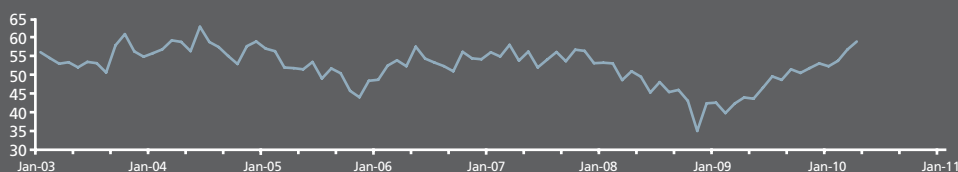
The unemployment rate is back down to 6%, but there is enough spare capacity in the economy for the RBNZ to remain growth-friendly for some time to come.

Written by Rodney Dickens. Visit www.sra.co.nz to learn about SRA Ltd's services.

By Rodney Dickens

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The chart shows the seasonally adjusted BNZ-Business NZ manufacturing sector PMI survey



Brenton Cullen
Trade Finance

After a twenty year banking career in Australia, half of that in Trade Finance, I tried something different and spent my time tending our 30 acre property in the Adelaide Hills and another rental property in the Barossa Valley. This country lifestyle changed when my partner was approached to take up a senior position with a company based in Auckland and the decision was made to see what New Zealand had to offer.

That was 4 years ago and how I

found my way to Lock Finance and its Trade Finance team. Being able to draw on those years of working in FX support roles and Trade Finance positions has given me the ability to assist our clients with their Foreign Exchange, Telegraphic Transfer and Letter of Credit requirements.

Whilst a number of our clients have used our Trade Finance services for many years, many others are unaware that we offer them. These services can also easily dovetail into the more recognised Lock Finance

products for your convenience. Feel free to contact me on (09) 375 8515 or brentonc@lockfinance.co.nz should you wish to know more or just explore options.

On weekends you may see me out and about with our two Lakeland Terriers, Jasper and Henri, taking a stroll or at a café (they have a side order of sausages and the occasional bowl of water – Jaffas at Grey Lynn is their current favourite).



Making a difference

The Auckland Rugby Union, on behalf on the Ministry of Social Development, ran a free "Breakaway Holiday Programme" for children in the Otara community. As sponsors of the Little Blues and Auckland Rugby a few of our staff offered to lend a helping hand and participate with the days events.

This was a sports based programme for children aged 11-13 and 14-17 during the April school holidays for 600 school children. The object was to provide a stimulating fun structured holiday activity for young people who would not usually have access to a holiday programme.

Activities ranged from fitness games to nutrition studies. The day was greatly enjoyed by the few Lock Finance representatives who attended by leading or assisting the variety of programmes - whilst showing off and/or brushing up on their rugby skills on the field!

It was a pleasure to be a part of such a well organised programme to help the under privileged kids. We only hope this sort of holiday programmes for kids continues on in the future.

Meet the Factoring and Debtor Finance team



From Left: Adam Cotes (Debtor Finance Operations Manager), Anchen Erlank (Account Executive), Anne-Marie Fleming (Team Leader - Full Service Factoring), Tanja Cilliers (Debtor Finance - Account Executive), Demelza Smith (Full Service Factoring - Account Executive), Hinemoa Te Hira (Full Service Factoring - Account Executive), Sarah Clayton (Operational Support), Shanil Patel (Debtor Finance - Senior Account Executive).

There is no one product that will meet all of your funding needs. That's why we combine our product range and expertise to meet our clients' requirements. Irrespective of their size and how long they have been in business, we can work with companies to help them realize their goals. Perhaps it is time to consider the funding options for your business or your client's business. If it is, or if you would like more information, call us now.

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