

West Perth OfficeUnit 17, 123B Colin Street,
West Perth WA 6005**Telephone: (08) 9474 1999****Facsimile: (08) 9474 1542****Bunbury Office**Unit 15, Koombana Court,
141 Victoria Street, Bunbury WA 6230**Telephone: (08) 9721 4200****Facsimile: (08) 9721 6668**www.southshorefinance.com.au

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Solid signs of continued economic confidence

**By Michael Coombes**

While the US sub-prime mortgage crisis continues to cause shock waves through the US economy the economic

indicators in Australia are very positive.

One of the best signs is that job ads in November hit a record high, with the latest ANZ Job ad surveys showing positions in Australia's major metropolitan newspapers and the internet increasing by 0.7% to an amazing 256,000 per week.

That's an increase of 37% from a year ago.

It's hardly surprising that WA's job growth leads the nation. At 3.1%, our unemployment rate is easily the nation's lowest.

And there are signs that Western Australia's extraordinary rate of economic growth may even be about to accelerate.

A recent Access Economics report claims the total value of definite projects in the September quarter in Australia is now \$178 billion - 20% higher than last year.

Even more remarkable is the value of projects in the planning stage, which has reached \$357 billion.

Access Economics' Chris Richardson recently told *The Australian* that the outlook in China and India had strengthened, with good commodity prices and expectations that many of them would keep rising.

WA's population continues to grow strongly. In the year to September 2006 WA led the population stakes, growing by 2% (41,200 people), according to figures released by the Australian Bureau of Statistics (ABS).

The state's economic future is looking very promising indeed, and we're proud to be a part of it.

Now you can smooth out your cash flow problems with Debtor Finance

If your business is doing well but your cash-flow is killing you here's a solution that will smooth out the lumps in your income stream without costing you an arm and a leg.

How long do you wait to be paid after issuing your customers with an invoice? 30 days? 60 days? 90 days perhaps? Cashflow funding has traditionally been by a bank overdraft. This generally requires security by a mortgage over property.

The main problem expanding businesses experience is that in order to access more working capital more security is required.

There comes a point when a business person is unable or unwilling to keep providing bricks and mortar to the bank.

Debtor Finance could be the solution. With Debtor Finance, the lenders will advance 80% of the face value of an approved invoice, normally within 24 hours. When the Debtor pays the account, the bank releases the balance of 20%.

The bank charges interest on a daily balance and a management fee. The use of a Debtor Finance facility does not negate the business owner's responsibility to manage the collection of debtors. The sooner the debtors are collected, the less interest is charged on the facility.

In most cases it will be as a "non disclosed" facility ie the debtor has no knowledge of the debtor finance facility.

A significant benefit of this type of facility is that it is not constrained by the value of real estate security offered.

Because the debtors are the security, the facility grows as the turnover and debtors ledger grows.



Affordable

It's a surprisingly affordable service because unlike traditional overdrafts, the facility does not require real estate backing.

The bank's primary security is the debtors. The bank's primary focus is on the financial management systems employed in the business, the debtor collection history and the spread of debtors.

Debtor Finance has been around for decades. In the UK, Europe and USA it's the main source of business finance.

Financial strength

Debtor Finance was once considered a cumbersome and expensive form of finance.

That's changed, with major banks now backing it with their considerable financial strength. They've invested heavily in new technology and streamlined the processes involved, so that costs are now comparable to a standard overdraft.

One of our customers uses the system to take advantage of early settlement discounts offered to him. This greatly reduces the cost of using it.

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It's dramatically freed up his working capital while allowing him to concentrate on managing his business, rather than his cash-flow.

It also allowed him to remove his private residence from the security for his old overdraft, enabling him then to use his residence as collateral security to buy his business premises.

This was not an option whilst the residence was held by the bank as security for the overdraft. If you'd like to learn more about how Debtor Finance can smooth the path for your business why not give us a call today?

Sort out your finances before you seek a loan



If you stacked on a few extra kilos during the festive season then it might be time to start thinking of getting to the gym and returning to shape.

And while you're running off the Christmas kilo's on the treadmill why not give thought to your finances especially if you're thinking of applying for a home loan.

Getting a loan isn't just about how much you earn. It makes sense to prepare before you even think about looking for a loan.

Lenders aren't interested in what you intend to do to improve your finances. They're interested in the here and now - do

you have cash or equity to contribute and can you meet the repayments?

They want to know if you're a risk to them. If they think you are, they'll increase interest rates or fees or simply reject you.

If you intend to apply for a loan it pays to sort a few things out first:

Previous Loans

If there are any unpaid loans in your past a lender will discover them when conducting a credit check.

It's best to be up front about them. You should explain what happened in writing and how you fixed the problem. It won't necessarily disqualify you.

Savings

Lenders like to see regular saving habits. It gives them confidence that you'll be able to make regular payments on your mortgage. This is particularly important for prospective first home buyers.

Credit Card Limits

Pay off the debts and close your "surplus" credit cards. Failing that, reduce your credit limit.

You might only have \$400 owing on your card, but your potential lender is only interested in your \$5,000 limit.

To make matters worse, it reduces your borrowing capacity by many times your credit limit.

Current Loans

Lenders like to see the recent repayment history of your personal loans and car loans to ensure you can pay what you owe.

Are you new in your job?

If you're in a new job and haven't got past the probationary period then wait till you do before applying for a loan.

Lenders like to know that you can repay a loan and having a steady job gives them confidence.

Get your finances into shape and you'll be helping us to help you when you come in to see us about a loan.

Financing the booming North-West



The North West of our great state is growing from strength to strength and we're proud to be a part of it.

Fortescue Mining Group (FMG) is just one of many mining operations pouring hundreds of millions of dollars into Port Hedland and surrounding areas to expand the housing stock and social infrastructure.

FMG has contracted a Perth based consortium to build 100 homes in the area over the next 12-18 months. The consortium chose us to handle the complex financing of this very ambitious project.

It's a huge undertaking, but it's only a part of the extraordinary investment of homes, roads, infrastructure and even a hospital going up in this booming community.

It's being made possible through co-operation between state and local governments and the private sector in fast-tracking planning and land releases.

It's all designed to transform Port Hedland into a major regional town offering residents a high quality of housing, education and health services, thereby encouraging long term residency.

This in turn will support a more stable workforce and stronger community values.

Upgrade means better service

Our computer system just took a giant leap forward when we upgraded to Microsoft Exchange Server.

The new system gives us remote access anywhere in the world in real time, meaning we can offer you an even better service.

We're delighted with the products as they've greatly increased our flexibility. We can even access our entire database from home.

They're also simple to use with very advanced security features.

Should you require further information on any topic relating to business or commercial property finance, residential property finance or equipment financing we'll be more than pleased to assist.

The information contained within this newsletter is of an advisory nature only and due to constant changes we advise you to contact us before making any formal financing decisions.

SOUTHSHORE
finance

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