

hmm advantage

CHARTERED ACCOUNTANTS | FINANCIAL ADVISERS

Guess What – Your bank loves you again!

With financial markets writhing like a roller coaster and global uncertainty about sovereign debt issues, our banks are turning their attention back to the small business sector, as a favoured source of deposits and a stable sector for lending.

Often referred to as the “engine room” of the economy, the SME sector is a powerful force in terms of employment, contribution to GDP and contribution to taxes, both State and Federal.

Banks are giving local business centre managers more freedom to lend to SMEs who can demonstrate appropriate business plans and management skills.

Banks are very keen to work with SMEs who can demonstrate that they have a robust business model supported by a business plan, profitability and cash flow forecasts.

SMEs are currently net depositors of funds with a recent survey showing that



every \$1 borrowed is offset by \$1.27 held in deposits within the banking system.

The residential lending market is flat and big corporates are looking for funds elsewhere. As a result, the SME market has become attractive again.

“This is giving businesses the opportunity to renegotiate loan terms and rates and we are also seeing banks prepared to ease reporting requirements and lift lending covenants in some instances”, according to HMM Director John Stead.

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There are also signs that banks are more willing to consider so called “cash flow” lending.

“When supporting our business customers’ borrowing requirements, we look for their ability to demonstrate sustainable cash flow and sound balance sheet fundamentals without necessarily requiring full property security. It’s about looking at their overall operations and financial position”, according to ANZ Business Banking Executive Frank Versace.

At the personal level, the big banks are fighting for turf in the mortgage market.

Westpac recently announced discounted rates, no establishment fees and a one off \$1,000 cash bonus for new mortgage business.

HMM has recently formed an alliance to provide lending services – see separate article on page 2.



Inside this issue:

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Stock of the month

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hmm behind the scenes

HMH - 67 in Top 100

In the recently published annual list of Australia’s Top 100 Accounting Firms, HMM climbed 20 places to number 67. We were also in 7th place in the table of the 20 fastest growing firms, with annual growth of 25.3%!

“Crunch” a better deal from your bank

Meet Tony Zikas – The man to “broker” your new deal!

HMH has recently established an alliance with Tony Zikas and his team from Victoria Financial Solutions. Tony is a fully qualified and experienced finance consultant who has been operating for 12 years.

Tony acts as an independent financial consultant, with the aim of evaluating your current lending requirements and providing lending solutions tailored towards your personal and business financial circumstances.

Whether you're looking to refinance, consolidate debts or even implement a long-term debt reduction plan, Tony will be invaluable to you.

“Working closely with the team at HMH, we have done some terrific deals for clients over the past few weeks. Banks are currently very receptive to new business and to restructuring existing loans on more

favourable terms to the borrower” Tony says.

Tony has great connections within the banking industry and his experience allows him to very quickly decide who is the most appropriate lender.

“We have been going from application to approval in as little as 24 hours”, according to HMH’s Elliot Staub. “Our clients are thrilled with what Tony has been doing for them!”

Speak with your usual HMH contact about consulting Tony before your next financial move.



Tony Zikas

Quarterly Stock Watch – Boart Longyear Limited

Business Summary

Boart Longyear (BLY) is a leading integrated provider of drilling services and drilling equipment to the global mining and energy industries. The drilling services business has a more than 60% exposure to gold and copper mining operations.

Competitive advantages include its strong brand, global scale and long term relationships with blue-chip customers including Anglo America, BHP Billiton, Xstrata and De Beers.

The drill equipment manufacturing business leverages relationships from drilling services to ensure strong product

sales.

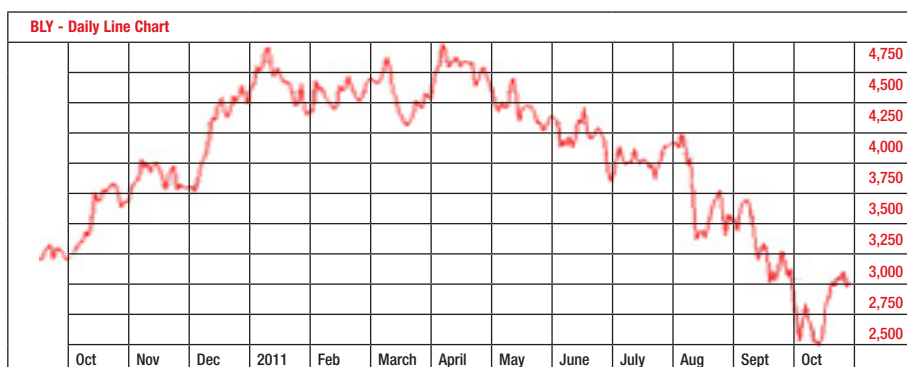
Diversification, increased equipment investment and robust demand are ensuring rapid earnings growth.

The company has achieved balance sheet strength but operates in highly cyclical and competitive markets. BLY needs to continuously invest in new drill equipment and manufacturing capacity resulting in high ongoing capital expenditure requirements.

Investing in BLY provides investors exposure to the global mining and energy sector without having to take on the underlying commodity risk.

Key Ratios

Years	12/09A	12/10A	12/11E	12/12E
NPAT \$M	7.9	88.2	149.9	169.8
EPS ¢	3.3	19.2	32.5	36.8
Change %	-97.5	481.8	69.3	13.2
DPS ¢	0.0	5.4	9.8	11.4
Franking %	NAv	35.0	34.4	33.3
Yield %	0.0	1.6	3.4	3.9
P/E	64.5	17.5	9.0	8.0



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PALMER HIGGS

From Gutenberg to Google

In today's competitive world, the ability to re-invent your business as the market changes is an essential key to survival. In the world of publishing, Palmer Higgs has done just that.

For the past 20 years Palmer Higgs has provided publishing services such as typesetting and design to some of the world's largest publishers. In fact, many of the text books used in Australian schools have been produced by Palmer Higgs. In recent times however the book publishing world has undergone huge changes with the advent of eReaders such as the Amazon Kindle and the Apple iPad and there has been renewed talk of the end of the printed book.

Paul Higgs, director of Palmer Higgs, doesn't see the demise of the printed book as imminent however he does see great opportunity in the world of eBooks and digital publishing.

"Of course we will continue to service our traditional market of publishers and self-publishing authors who wish to produce printed books, but we now also service the eBook market which has boomed overseas and will follow suit here."

For the growing number of self-published authors, the development of reliable and cheap eBook readers has presented an incredible opportunity to reach a world-wide market at a fraction of the cost of traditional print publishing. On even conservative estimates, eBooks sales are doubling every six months, but the problem has been the ease with which eBooks can be illegally copied, depriving authors of sales, which is of particular concern to self-published authors.

To overcome this problem, Palmer Higgs has upgraded its online bookstore to provide independent authors with the first eBook store in Australia with full Digital Rights Management (DRM); the security solution that Australian self-publishers have been waiting for.

"The upgrade of our online bookstore at www.palmerhiggsbooks.com.au to distribute eBooks with full DRM enables Australian authors to securely distribute their eBook through an Australian channel as opposed to, or in addition to, an overseas-based channel such as Amazon or Barnes and Noble."

The launch of the eBook capability at www.palmerhiggsbooks.com.au came in a week when the report prepared for the Federal Government Book Industry Strategy Group revealed that Australians purchased \$35 million worth of eBooks in



2010 with a projection to reach up to \$700 million by 2014.

Palmer Higgs not only specialises in book production but also manages customised publications such as training materials, business updates, reports and customised magazines in both print and digital format. This year they undertook the launch of Equestrian Life magazine, managing the complete process of editorial, design, print and distribution management for a corporate client as well as the creation of an eZine (electronic magazine) and online presence for the publication. For Debbie Higgs, this was a project of personal as well as business interest as she has a keen interest in the equestrian world and is the publisher of An Eventful Life – Life Stories of Eventing Champions, a book that focuses on the lives of Australian equestrian Olympic medallists.

To top off a busy year, Palmer Higgs is also working with Australian authors to provide animated books for the LG Smart TV application being launched late in 2011. Once again, it is a case of combining traditional book production skills with new technology and global distribution channels to create a whole new opportunity for authors and readers/viewers.

"There have been lots of challenges in re-inventing our business", says Paul. "But it is also rewarding when you can provide great opportunities for authors and business clients to reach their audience in a new and exciting way."



Palmer Higgs Bookstore Website

To find out more about Palmer Higgs please visit – www.palmerhiggs.com.au



Harley Jack

Belinda Girginis and her husband Leigh welcome the arrival of their second son Harley Jack.

Harley was born on 16 August at 9.23am weighing 3.83kg.

We wish the Girginis family all the best for the future.



Engagement

Congratulation to Amanda Bates who recently became engaged to her long time partner Andy.

Andy proposed in front of family and friends at Amanda's 30 birthday party. Thankfully she said "Yes"!

Amanda and Andy plan to marry before the end of the year.

We wish them a long and happy life together.

ICAA Mixed Basketball Competition 2011

Congratulations to the HMH Ninjas - runners up in the Institute of Chartered Accountants (ICAA) Mixed Basketball Competition 2011

The ICAA hold an annual Basketball Competition at MSAC and a few HMH hopefuls - "The Ninjas", decided to take part this year ...

They started the day well being successful in the first four games beating Ferrier Hodgson, Amcor, BDO & Mutual Trust. Not a bad effort as none of the Ninjas had played basketball together before (let alone trained)!

This placed them top of their division and facing-off against reigning premiers Mann Judd in the semi final. This was a tough match with their opponents taking the game pretty seriously, but HMH were victors again.

Now for the grand final ... They'd been watching the Deloitte team play during the day and knew they were a good team. It was a close game, at some stages only two points separated them, but the Ninjas ran out of steam and lost by four points.

A great effort by the Ninjas reaching the Grand Final in the first year in the competition! A highlight of the day was Rhys hitting a buzzer-beater at the half time break from centre court - very impressive!

Well done to the team: (L-R) Rachel, Anne, Amanda, Mandy, Rick, Rhys, Jordan and Dion and to the cheer squad for their support on the day!



CARE Guarantee Champion

Adam Woods - Winner September quarter

Adam started at HMH in September 2006 as a graduate Accountant. He subsequently successfully completed his course to become a qualified Chartered Accountant.

Over recent times Adam has been asked to take on additional responsibilities and run challenging jobs. He has taken on these new responsibilities with a positive attitude that has not gone unnoticed.

Great work Adam!



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