



STRATEGYLAND RESEARCH LTD.

1 Changi North Street 1, Singapore 498789
Tel : (65) 6542 6624
Fax : (65) 6542 6674
Web Site : www.strategyland.com.sg

Executive Summary

Registration Date : 03.03.2004
Registration Number : 200402484H
Legal Form : Public Company Limited by Shares
Chief Executive : Mr. Niraj Goel
Staff Strength : Approximately 15
Paid Up Capital : USD60,075,637.88
Line of Business : Development of software and multimedia works including software maintenance
SIC Code : 7371
Auditor : James Raj & Co.
Banker (s) : OCBC, HSBC

Corporate Profile

SC was established on 3rd March 2004 as a Limited Private Company under the name style of Strategyland Research Pte. Ltd. Subsequently, SC was converted into a Public Company Limited by Shares* and adopted the present name style of Strategyland Research Ltd. on 20th August 2007. The company is registered with the Accounting and Corporate Regulatory Authority (ACRA) under the registration number, 200402484H.

SC is engaged in the development of software and multimedia works including software maintenance. An establishment of about 5 years, SC has been in this line of business since the commencement of its business operations.

SC's registered office address is 17 Upper Circular Road, #03-00 Jura Building, Singapore 058415. However, the company's current operating address is 1 Changi North Street 1, Singapore 498789. This premise houses SC's operations cum administrative office.

As of March 2009, SC's capital stands as follows:

	<u>Currency</u>	<u>Amount</u>	<u>Number of Shares</u>
Issued Ordinary	USD	60,075,637.88	913,420,325.00
Paid-up Ordinary	USD	60,075,637.88	-

Credit Rating

CA 3

(Please refer to Appendix)

Credit Risk

Average

Payment

NR

Financial Condition

Fair

Operational Trend

Average

General Reputation

Average

Legal Status

Public Company Limited by Shares

A public company may have more than 50 members. It also allowed to raise capital by offering shares or debentures to the public. These shares and debentures are transferable. However, a public company must register a prospectus with the ACRA before offering share and debentures. A public company seeking listing on the Stock Exchange has to have the approval of the Stock Exchange of Singapore Limited.

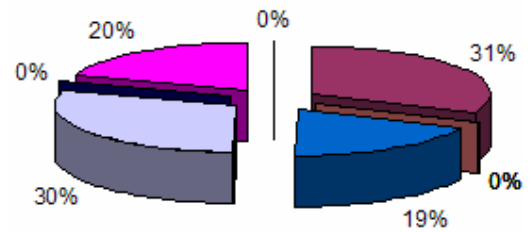
A company limited by shares means a company limited by liability. The liability of the shareholders is limited to the amount of shares taken up by them. If the shares are not fully paid-up, the shareholders must pay the outstanding sum to meet their liability.



Shareholder's Information

Details of Shareholders:

1. Name : Aninder Singh Sawhney
Shareholder ID : F6373892
Nationality : Indian
Number of Shares : 312,500
2. Name : Goel Niraj
Shareholder ID : G5530311N
Nationality : Indian
Number of Shares : 287,667,500
3. Name : Haniska H. Vazirani
Shareholder ID : F1674662
Nationality : Indian
Number of Shares : 173,467
4. Name : Jubran Taufik Baghdisar
Shareholder ID : 001989313
Nationality : Syrian
Number of Shares : 343,125
5. Name : Mohan Naik
Shareholder ID : Z1703820
Nationality : Indian
Number of Shares : 173,467
6. Name : Praful Ramchandra Naik
Shareholder ID : Z1575967
Nationality : Indian
Number of Shares : 173,467
7. Name : Technology Holdings Limited
Registration Number : T07UF1211A
Place of Origin : Seychelles
Number of Shares : 170,000,000
8. Name : Tradertools FZ LLC
Registration Number : T04UF0771B
Place of Origin : United Arab Emirates
Number of Shares : 273,847,777
9. Name : Wael Tawfiq S. Ammari
Shareholder ID : 1558992
Nationality : Jordanian
Number of Shares : 173,467
10. Name : Zentrum Ltd
Registration Number : T07UF1210E
Place of Origin : British Virgin Islands
Number of Shares : 180,555,555





Decide with Confidence

Board of Directors:

1. Name : Robert Bush Jr.
IC/Passport : 712214607
Nationality : American
Address : P O Box 18016, Dubai
United Arab Emirates

Date of Appointment : 31.07.2007
Position : Director
2. Name : Stephen Lee Teck Soong
IC/Passport : S2633216H
Nationality : Singapore P.R.
Address : 10 Jalan Novena Selatan
Eng Aun Park
Singapore 308565

Date of Appointment : 03.03.2004
Position : Director
3. Name : Chiew Yu Sarn
IC/Passport : S6941902Z
Nationality : Singaporean
Address : 31 Jalan Keli
#04-01 Keliville
Singapore 577931

Date of Appointment : 03.03.2004
Position : Secretary
4. Name : Dr Rajan Sadanandam Singara
Velu
IC/Passport : Z1367555
Nationality : Indian
Address : P O Box 113260, Dubai
United Arab Emirates

Date of Appointment : 31.07.2007
Position : Director
5. Name : Niraj Goel
IC/Passport : Z1383999
Nationality : Indian
Address : 1 Changi North Street 1
Singapore 498789

Date of Appointment : 17.02.2009
Position : Director



Decide with Confidence

Key Personnel

Heading the management is the Managing Director, Mr. Niraj Goel. He is the overall in charge of SC's daily business operations.

Checks revealed that apart from SC, Mr. Niraj Goel has directorship in another Singapore registered company, which is Leder Holdings Pte. Ltd.

Assisting Mr. Niraj Goel in the running of the day-to-day operations of the company is a group of personnel. One of them is Mr. Arasu, Accounts Manager.

According to checks, SC has an approximate staff strength of 15 assisting in the daily operations of the company.

Staff Strength
Approximately 15

Business Operations

SC is engaged in the development of software and multimedia works including software maintenance. Established since year 2004, SC has approximately 5 years of experience in this line of business.

SC is head-quartered in Singapore within the financial district from where it serves the whole world. The company is devoted to revolutionize the worldwide Trading field with Automation using artificial intelligence and dedicated servers for information and trade execution.

The aim of SC is to:

- R&D (Research and Development) of exchange connectivity between each Clearing House and the worldwide Futures Exchanges providing data and Manual as well as Automated flow for order execution facilities.
- Develop fully automated Trading Strategies to be run on StrategyBot software platform. There are Strategies for various "Futures" contracts (each for specific Stock Exchange worldwide such as CME, CBot, Eurex, Liffe, Asians etc.). Those strategies have different levels of risk (conservative, medium or aggressive) and are dedicated to different amounts of investment by the users (ranging from US \$2.5K to as high as several US\$M).
- Offer fully automated Strategies for monthly rental to Financial Institutions (such as for Hedge Funds) and to private traders.
- Sell StrategyBot, Trade2Cash, Trade2Cash PRO and other Software applications such as Console.
- Offer training to users, one on one for one hour, in workshops and Boat Cruises.
- Monitor daily the performance of each fully automated Strategy provided (from inception).
- Promote the products, organize seminars, deliver speeches in conferences, attend investment shows, and offer its showroom and training class to anyone interested.

Operations Rating
3

Obtained Scores
65

Rating Guide

Rating Key	Scores	Implications
1	85-100	Excellent
2	75 - 84	Above Average
3	50 - 74	Average
4	35 - 49	Fair
5	15 - 34	Below Average
6	01 - 14	Poor
NR	No Data	No Data



Decide with Confidence

SC is a multi-national research development and analysis entity. High focus on new fully automated trading solutions and risk management systems brought SC into the limelight since March 2003. The several thousand clients of SC worldwide are from many different countries, environments, industries, ethnics, income levels and professions. From supranational organizations to individual traders, SC offers a wide variety of trading solutions, manual or fully automated for the "Futures" market in order to make trading not only successful but fun and reliable.

SC's achievements in recent years include being awarded as Sales / Turnover Growth Excellence and being ranked 63 in "Singapore's Top Corporations Ranked by Financial Performance" for year 2009.

Below are its achievements for year 2009:

- Total Sales/Turnover : SGD5,212,142,000.00
- Net Profit : SGD14,063,000.00
- Total Assets : SGD111,683,000.00
- Shares Holders's Funds : SGD102,603,000.00

SC caters to both local and overseas markets. The majority of its sales are from overseas markets with only about 10% are from local market. Some of its main markets include:

- Dubai
- United Kingdom
- Russia
- Seychelles
- British Virgin Islands

In its business transactions, payment terms that SC grants to its clients vary with the creditworthiness cum payment regularity of its clients. In general, credit terms ranging from 90 days to 180 days are granted to its clients.

Clientele Base

Local – 10%
Overseas – 90%

Selling Terms

Local & Overseas – 90 to 180 days



Decide with Confidence

Related Companies

Subsidiary:

Name	% of shareholding
Tradebot Capital DMCC Dubai, United Arab Emirates	84

Affiliates:

Name	% of shareholding in SC
Technology Holdings Limited, Seychelles	18.61
Tradertools FZ LLC, United Arab Emirates	29.98
Zentrum Ltd, British Virgin Islands	19.77

Litigation

Litigation searches conducted based on registration number(s) and/or Identification number(s) of SC and its shareholder(s) showed that there were no legal suits filed against them in the last five years.

Litigation information is provided to D&B Singapore by a third party and may or may not reflect the status and details as at the time of original filing. As such, D&B Singapore is unable to guarantee its accuracy, completeness or currentness and shall not be liable for any damage or loss that may be caused as a result of any error, omission or reliance on the information.

Payment

The rating indicates the payment pattern of SC based upon D&B Singapore Payment Database, comments from suppliers of SC as well as industrial sources.

Due to insufficient information in our Payment Database on SC, we are not able to ascertain the payment pattern of SC. Hence, the payment rating is indicated as NR.

Payment Rating

NR

Obtained Scores

No Data

Rating Guide

Rating Key	Scores	Implications
1	85-100	Excellent
2	75 - 84	Above Average
3	50 - 74	Average
4	35 - 49	Fair
5	15 - 34	Below Average
6	01 - 14	Poor
NR	No Data	No Data

The rating indicates the payment pattern of SC based upon the D&B Singapore Payment Database, comments from suppliers of SC as well as industrial sources.

Banking

- Oversea-Chinese Banking Corporation Limited
- The Hongkong and Shanghai Banking Corporation Limited

Charge(s) : Nil



Decide with Confidence

TWO YEAR FINANCIAL ANALYSIS REPORT

Financial Highlights

The group experienced an improving turnover performance in FYE2007. This was followed by better net profitability as well. The group reaped net profits worth USD9.36 million in FYE2007, scoring net profit margin of 0.27%. The generation of net profits led to accumulated profits in FYE2007. In addition, the group has increased its share capital by 20.40% in FYE2007. This in turn enlarged total shareholder's equity during the end of FYE2007. The higher net profit margin registered meant that the group was more profitable for the year. The group made higher returns on its assets and equity in FYE2007.

Liquidity improved in current financial year, registering performance above the industry norm. Working capital surplus has increased and the group remained solvent in generating current assets to cover current debt obligations in FYE2007.

The cash flow statement shows the group was insufficient to cover the cash expenditure on its investing activities with the cash inflows from its operating and financing activities.

Total debt to equity decreased, posting at 5.93% in FYE2007, which was lower than the industry norm of 37.70%. The group has continued to rely on more equity than debt to finance its operations during the FYE2007.

Taking into consideration profitability, liquidity and leverage, the group has shown an average financial performance.

Financial Rating

FR 4**Auditor**

James Raj & Co.

Financial Statement Type

Group

Fiscal Year

31 December 2006 - 2007

Currency

USD

Table 1: Key Balance Sheet Data (USD)

FYE December	2007	2006	% Changes
Current Assets	53,512,908	59,786,650	(10.49)
Other Assets	20,300,000	100,000	20,200.00
Fixed Assets	612,533	481,632	27.18
Total Assets	74,425,441	60,368,282	23.29
Current Liabilities	3,948,412	11,188,823	(64.71)
Non-Current Liabilities	217,350	36,769	491.12
Total Liabilities	4,165,762	11,225,592	(62.89)
Working Capital	49,564,496	48,597,827	1.99
Share Capital	60,020,738	49,850,982	20.40
Stock Options	2,984	-	-
Translation Reserves	962,345	(622,883)	254.50
Minority Interest	1,976,980	55,881	3,437.84
Accumulated Profit (Loss)	7,296,632	(141,290)	5,264.29
Total Shareholder's Equity	70,259,679	49,142,690	42.97

- The figure is not available.

Financial Rating Guide

FR1	Strong
FR2	Above Average
FR3	Average
FR4	Fair
FR5	Below Average
FR6	Poor
NR	No Rating

This rating serves as a reference to assess SC's financial performance. The financial rating assigned to SC takes into account of the following considerations: Profitability, Return on Invested Capital, Liquidity, Asset Management and Capital Structure and Solvency.

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**Table 2: Key Earnings Data (USD)**

FYE December	2007	2006	% Changes
Turnover	3,468,709,500	2,246,978,291	54.37
Profit (Loss) Before Tax	9,359,021	99,481	9,307.85
Income Tax	-	(13,041)	-
Profit (Loss) After Tax	9,359,021	86,440	10,727.19
Minority Interest	(1,921,099)	48,491	(4,061.76)
Accumulated Profit (Loss) B/Forward	(141,290)	(276,221)	48.85
Accumulated Profit (Loss) C/Forward	7,296,632	(141,290)	5,264.29

- The figure is not available.

Table 3: Key Cash Flow Data (USD)

FYE December	2007	2006	% Changes
Net Cash Flow from Operating Activities	8,900,747	(46,973,165)	118.95
Net Cash Flow from Investing Activities	(9,990,364)	46,970,126	(121.27)
Net Cash Flow from Financing Activities	180,575	936,344	(80.71)
Net Increase (Decrease) in Cash and Cash Equivalents	(909,042)	933,305	(197.40)
Cash and Cash Equivalents B/Forward	1,008,945	75,640	1233.88
Cash and Cash Equivalents C/Forward	99,903	1,008,945	(90.10)

- The figure is not available.



Table 4: Key Financial Ratios

FYE December		Industry Norms [†]			2007	2006
		Lower	Median	Upper		
Profitability						
Gross Profit (Loss) Margin (%)	Gross Earnings/Turnover*100%	-	-	-	0.40	0.03
Pre-tax Profit (Loss) Margin (%)	Pre-tax Earnings/Turnover*100%	-	-	-	0.27	0.004
Net Profit (Loss) Margin (%)	Net Earnings/Turnover*100%	-18.85	0.00	5.27	0.27	0.004
Basic Earning Power (%)	Earnings Before Interest & Tax/Net Assets*100%	-	-	-	13.34	0.23
Earnings Per Share (USD)	Net Earnings/No. of Shares Outstanding	-	-	-	-	-
Return on Invested Capital						
Return on Assets (%)	Net Earnings/Total Assets*100%	-33.88	0.40	9.73	12.58	0.14
Return on Equity (%)	Net Earnings/Total Equity*100%	-23.99	13.32	44.90	13.32	0.18
Liquidity						
Current Ratio	Current Assets/Current Liabilities	0.84	1.43	2.86	13.55	5.34
Quick Ratio	(Current Assets - Inventories)/Current Liabilities	-	-	-	-	-
Cash Ratio	Cash/Current Assets	-	-	-	0.00	0.01
Collection Period (days)	Accounts Receivable/Turnover*365	25.20	57.06	91.31	0.82	0.05
Payment Period (days)	Accounts Payable/Turnover*365	-	-	-	0.39	0.002
Inventory Conversion Period (days)	Inventory/Turnover*365	-	-	-	-	-
Operating Efficiency						
Fixed Asset Turnover Ratio (times)	Turnover/Fixed Assets	-	-	-	5,662.89	4,665.34
Asset Turnover Ratio (times)	Turnover/Total Assets	-	-	-	46.61	37.22
Accounts Receivable Turnover Ratio (times)	Turnover/Accounts Receivable	-	-	-	444.45	7,829.77
Accounts Payable Turnover Ratio (times)	Turnover/Accounts Payable	-	-	-	944.67	215,248.42
Inventory Turnover Ratio (times)	Turnover/Inventory	0.00	0.00	0.00	-	-
Leverage						
Total Debt to Asset Ratio (%)	Total Liabilities/Total Assets*100%	-	-	-	5.60	18.60
Total Debt to Equity Ratio (%)	Total Liabilities/Total Equity*100%	127.97	37.70	196.45	5.93	22.84
Non-Current Debt to Equity Ratio (%)	Non-Current Liabilities/Total Equity*100%	-	-	-	0.31	0.07
Total Bank Borrowings to Equity Ratio (%)	Total Bank Borrowings/Total Equity*100%	-	-	-	-	-
Current Bank Borrowings Coverage Ratio	Net Earnings/Current Bank Borrowings	-	-	-	-	-
Interest Coverage Ratio	Earnings Before Interest & Tax/Interest Expense	-	-	-	758.63	8.41

- The figure is not available.

[†]The Industry Norms are calculated solely based on the information available in the database of Dun & Bradstreet (Singapore) Pte Ltd and may not be reflective of Industry Averages. Dun & Bradstreet (Singapore) Pte Ltd reserves the right to vary the data fields and/or exclude any data element in the report at discretion.

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Profitability & Returns

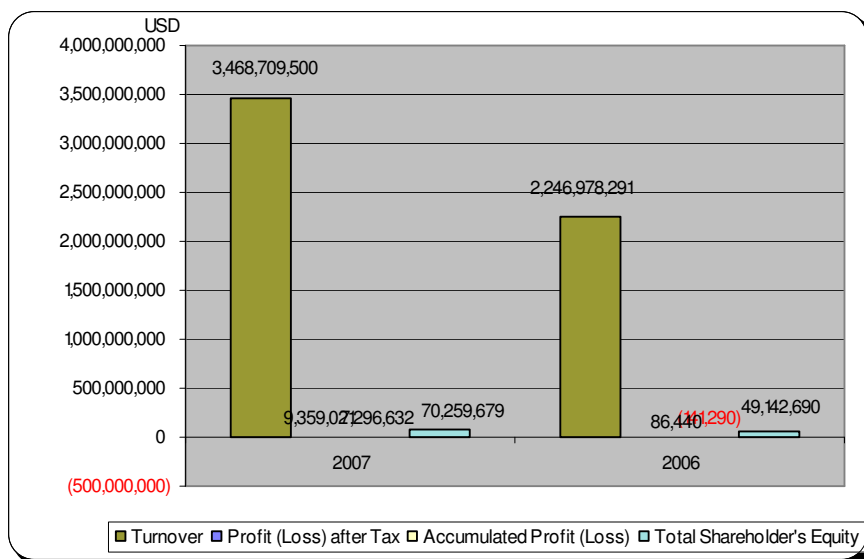


Chart 1: Comparative Performance of Turnover, Earnings and Total Shareholder's Equity

Profitability

Higher turnover and net profits, registered accumulated profits, appreciation of shareholders' equity

More profitable due to ability to control costs

The group's turnover rose by 54.37% to USD3.47 billion in FYE2007. Turnover refers to revenue from net invoiced value of hardware and software sold less returns and discounts and value of forex and commodities futures contracts sold.

Aside from turnover, the group has posted other income amounting to USD0.36 million in FYE2007 as compared to USD18,416 in FYE2006.

Cost of sales increased by 53.81% to USD3.45 billion in the current year. The group was able to cover the rising cost of sales with the revenue generated and registered higher gross profit of USD13.72 million in current year from USD0.74 million in the previous year.

Meanwhile, total operating expenses increased by 628.68% to USD4.71 million in the FYE2007. The increases in salary and employee benefits as well as other operating expenses led to the overall increment in total operating expenses in FYE2007.

Net profitability posted at USD9.36 million in FYE2007, representing an improvement of 10,727.19% from previous financial year. On top of better sales performance, the higher net profitability was also a result of the group's ability to control costs.

Further, the generation of higher net profits during the current year led to accumulated profits of USD7.30 million in FYE2007 from accumulated losses of USD0.14 million in FYE2006. In addition, the group has increased its share capital by 20.40% in FYE2007. This in turn has translated into enlarged total shareholder's equity, which appreciated by 42.97% to USD70.26 million in FYE2007.

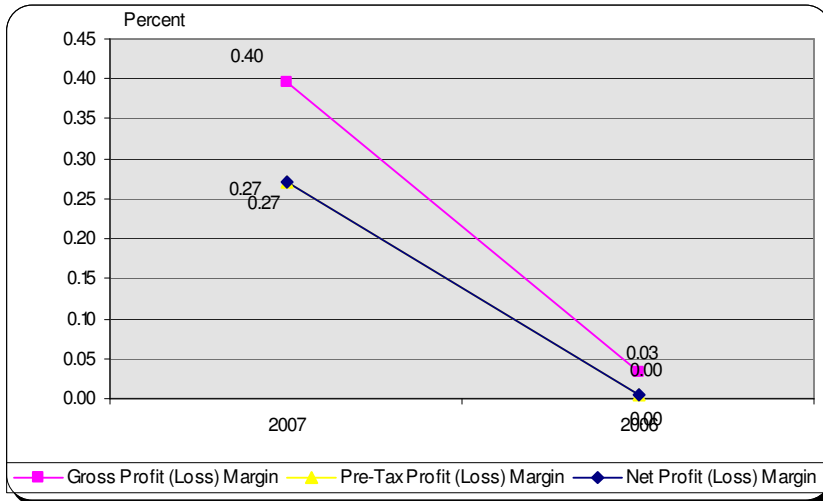


Chart 2: Analysis of Profit (Loss) Margin Ratios

Naturally, profitability performance – gross, pre-tax and net – displayed a better performance in FYE2007.

Gross profit margin has increased by 0.37% points to 0.40% in FYE2007. Meanwhile, both pre-tax and net profit margins increased by 0.27% points to 0.27% in FYE2007. This implies that the group was more profitable as compared to the previous financial year.

Return on Invested Capital

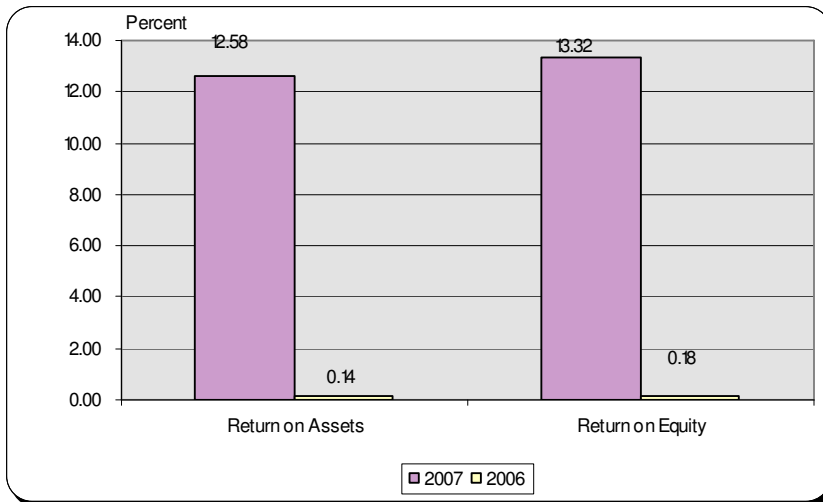


Chart 3: Comparative Changes in Return on Assets Ratio and Return on Equity Ratio

Return on Invested Capital

Better ROA and ROE during the year

Both the group's returns on assets and equity ratios have better in FYE2007 arising from improving net profitability during the year.

Return on Assets ratio (ROA) rose by 12.44% points to 12.58% in FYE2007,



implying that the group was able to generate USD12.58 for every USD100 worth of assets invested. The better net profitability performance contributed to the group's ability to generate better returns. Note that the group's ROA was above the industry norm of 0.40%.

Return on Equity ratio (ROE) performed better in FYE2007. It expanded 13.14% points, climbing up to 13.32% in FYE2007. In other words, the group was able to achieve a return of USD13.32 for every USD100 equity pumped into the business as compared to USD0.18 of last financial period's. Note that the group's ROE was at par with the industry norm of 13.32%.

Basically, the ROE measures the management's capability in generating returns on its shareholders' funds and based on the improved ROE in FYE2007, it appeared that the management had been more efficient giving its shareholders better returns.

Liquidity

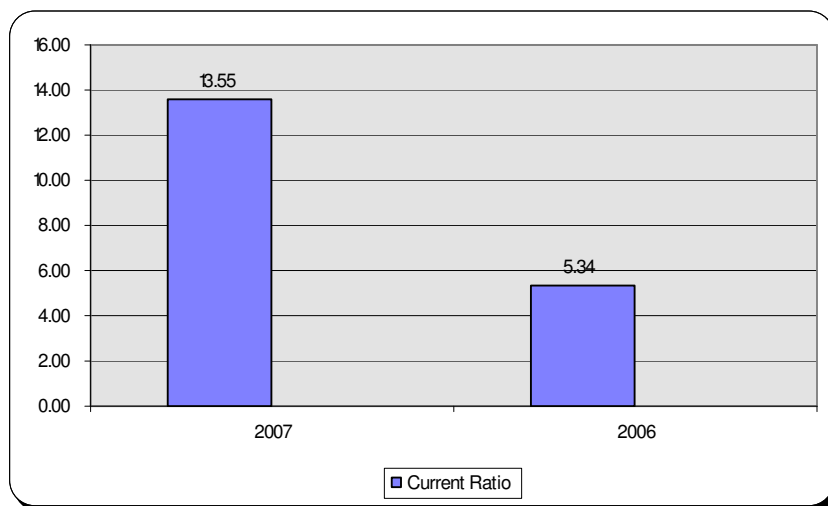


Chart 4: Comparative Changes in Current Ratio

Chart 4 depicted a better liquidity position for the group. Current ratio increased by 8.21 from 5.34 in FYE2006 to 13.55 in FYE2007. The increase in current ratio was largely attributed to a larger decreasing current liabilities position, whereby it dropped by 64.71% as compared to a 10.49% decrease in current assets in FYE2007. Overall, the group's liquidity position is above the industry norm of 1.43.

Working capital surplus has increased by 1.99%, registering at USD49.56 million in FYE2007. This projected an even better picture of the group's liquidity position. Furthermore, the surplus suggests that the group remained solvent with sufficient current assets to cover current debt obligations in the event of liquidation.

The group's cash position decreased by 90.10% to USD99,903 in FYE2007. This was due to the insufficient amount of cash generated from operating and financing activities to cover the cash outflow from investing activities.

The group has generated net cash inflow from operating activities of USD8.90 million in FYE2007, a 118.95% turnaround from net cash outflow of USD46.97

Liquidity

Improved liquidity position and the group's current ratio remained above the industry norm of 1.43

Net cash deficit during the year

million in FYE2006. This was due to the increase in trade creditors coupled with the decrease in trading stocks, at cost in FYE2007. On the other hand, net cash outflow from investing activities registered at USD9.99 million in FYE2007 as opposed to net cash inflow of USD46.97 million in FYE2006. Meanwhile, net cash inflow from financing activities decreased by 80.71% to USD0.18 million in FYE2007. This was due to the absence of proceeds from shareholders' loan in FYE2007.

The cash generated from operating and financing activities were insufficient to cover the cash outflow in investing activities. As such, net cash surplus in FYE2006 nose-dived to a deficit of USD0.91 million during the current financial year.

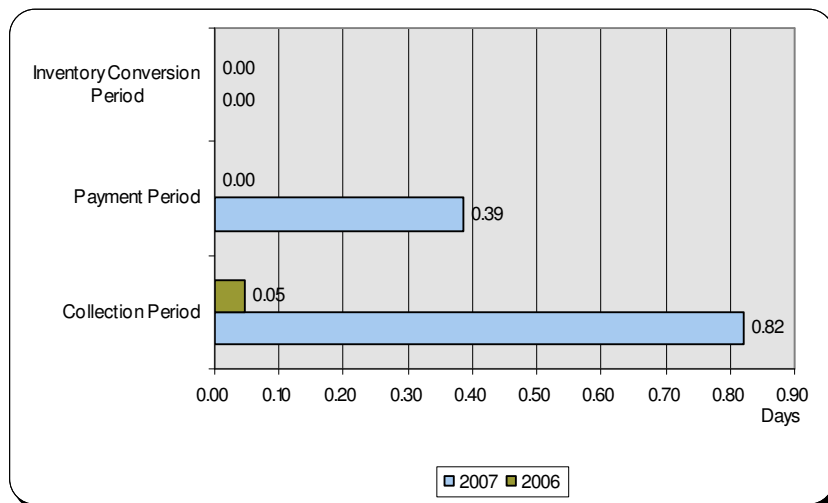


Chart 5: Analysis of Collection, Payment and Inventory Conversion Periods

Payment period increased to 0.39 days in FYE2007 from 0.002 days in FYE2006. In other words, the group took a longer time, on the average, to pay its trade creditors during the current financial year. Trade creditors have increased by 35,074.48% in FYE2007, which was higher than the growth in the group's turnover.

Collection period lengthened from 0.05 days in FYE2006 to 0.82 days in FYE2007. Note that the group's collection period was shorter than the industry norm of 57.06 days.

Due to the absence of inventory information, the inventory conversion period was not generated during both financial years.



Operating Efficiency

Operating Efficiency

Better results from asset and fixed asset turnover ratios, indicating better capitalization of assets

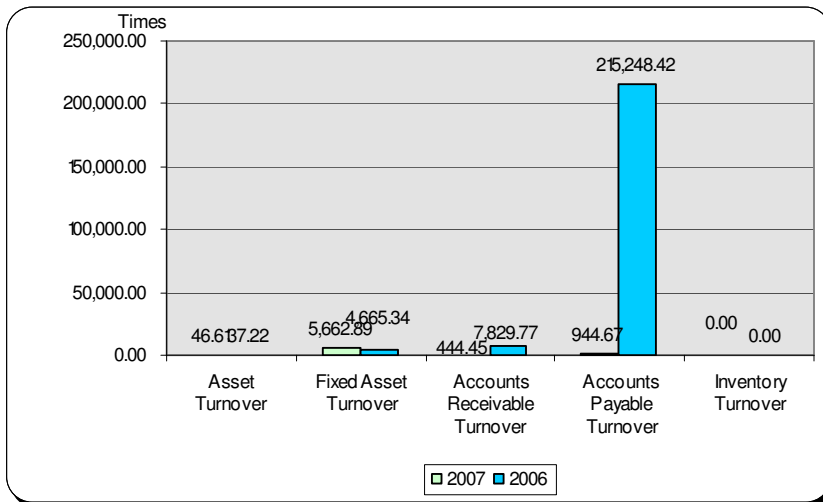


Chart 6: Comparative Changes in Asset, Accounts Receivable and Payable, Inventory and Fixed Asset Turnover Ratios

Both assets and fixed assets turnover ratios increased to 46.61 times and 5,662.89 times respectively in FYE2007. Total asset level rose by 23.29%, which was lesser in proportion to the expansion in the group's turnover. Note that increases in other assets and fixed assets have triggered an overall improvement in total asset in FYE2007. All in all, the group was efficient to capitalize on its assets to generate better returns.

Accounts receivable and accounts payable turnovers ratios moved in tandem in FYE2007. The lower accounts receivable turnover ratio of 444.45 times reinforced that the group was slower in the recovery of its debts from trade debtors. Accounts payable dropped to 944.67 times, showing that the group took a longer period to pay its trade creditors (See section on Liquidity).

Due to the absence of inventory information, the inventory turnover ratio was not generated during both financial years.



Leverage

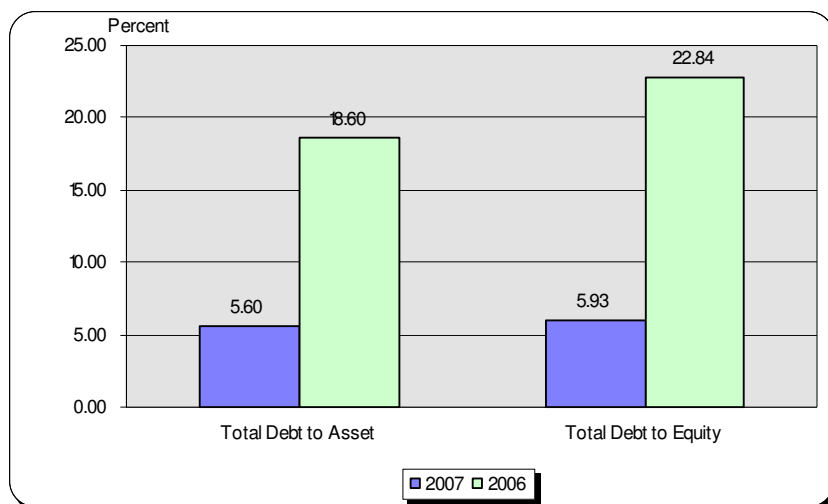


Chart 7: Comparative Changes in Total Debt to Asset Ratio and Total Debt to Equity Ratio

Both total debt to asset as well as total debt to equity ratios declined in FYE2007, depicting a lower gearing for the group.

Total debt to asset ratio decreased by 13.00% points from 18.60% in FYE2006 to 5.60% in FYE2007. This implies that the group has continued to rely on more equity than debt to finance its operations during the FYE2007.

Total debt to equity reduced, posting at 5.93% in FYE2007 as opposed to 22.84% in FYE2006. The group's total debt to equity ratio was lower than the industry norm of 37.70%.

Leverage

Leverage level was lower and was lower than the industry norm



Industry Information

The Ministry of Trade and Industry (MTI) announced that it expects the Singapore economy to grow between -2.0 per cent and 1.0 per cent in 2009, lower than the -1.0 per cent to 2.0 per cent range it had forecast in November 2008.

The global economic crisis has worsened since November, with sharp declines in global demand, trade and investments. According to the World Bank, global trade volume will decline by 2.1 per cent in 2009, the first contraction in 26 years. Since November, analysts have shaded down their growth forecast for the US, Europe and Japan by about one percentage point. The growth outlook for the regional economies has also deteriorated, with more economies now expected to register negative or flat growth next year.

These developments will affect the sectors in the Singapore economy that rely on the movement of goods and services in the region, such as the wholesale & retail sector and the transport & storage sector. Manufacturing will be weighed down by falling demand in the developed economies, while financial services will see a sharp slowdown reflecting weak financial markets and credit growth. The slowdown in these sectors will spread to the domestically-oriented segments of the economy, such as property, retail, and business services.

Advance GDP Estimates for Fourth Quarter 2008

The weaker prognosis for the Singapore economy in 2009 is also based on the sharp contraction seen in the fourth quarter of 2008. Advance estimates^[1] show that gross domestic product (GDP) in the fourth quarter contracted by 2.6 per cent in real terms over the same period in 2007, following the decline of 0.3 per cent in the preceding quarter. On a seasonally adjusted, annualised quarter-on-quarter basis, real GDP fell by 12.5 per cent, compared to a decline of 5.4 per cent in the third quarter of 2008.

Gross Domestic Product at 2000 Prices

(Percentage change over corresponding period of previous year)

	4Q07	2007	1Q08	2Q08	3Q08	4Q08*	2008*
Overall GDP	5.4	7.7	6.9	2.2	-0.3	-2.6	1.5
Goods Producing Industries							
Manufacturing	0.2	5.8	12.6	-5.5	-11.0	-9.0	-3.7
Construction	24.3	20.3	16.9	21.0	18.6	13.3	17.3
Services Producing Industries	7.7	8.1	7.7	7.1	5.3	1.1	5.3

* Advance estimates



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The manufacturing sector declined by 9.0 per cent compared to the same period in 2007, mainly because of a sharp drop in the output of electronics and precision engineering. This segment has been affected by the continued weakness in global demand for electronics products. Chemicals output also fell during the quarter as a result of slowing external demand, as well as temporary plant maintenance shutdowns. Biomedical manufacturing output was also lower, reflecting the production of pharmaceutical ingredients with lower values compared to same period in 2007.

The services producing industries are estimated to have grown by 1.1 per cent in the fourth quarter, slowing down from a 5.3 per cent increase in the third quarter. The collapse in world trade severely impacted wholesale trade and transport and storage. Growth in financial services weakened on the back of declines in trading activities in foreign exchange and stock brokerage, fund management, and Asian Currency Unit (ACU) business.

The construction sector grew by 13.3 per cent in the fourth quarter of 2008, slower than the growth of 18.6 per cent in the preceding quarter. Construction output was mainly weighed down by a contraction in industrial building activity. Weak market sentiment has also prompted the deferment of private sector projects.

For 2008 as a whole, the economy is estimated to have grown by 1.5 per cent, compared with 7.7 per cent in 2007. This figure is lower than MTI's forecast of around 2.5 per cent in November 2008. The manufacturing sector is estimated to have contracted by 3.7 per cent, down from an expansion of 5.8 per cent in 2007. The services producing industries and construction sector are also expected to register slower rates of growth compared to 2007, at 5.3 per cent and 17.3 per cent respectively in 2008.

The preliminary GDP estimates for the fourth quarter and for the whole of 2008, including performance by sectors, sources of growth, inflation, employment and productivity, will be released in February 2009 in the *Economic Survey of Singapore*.

Source: Ministry of Trade and Industry



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Remarks

In conclusion, taking into consideration of SC's general performance, reputation as well as market conditions we would rate SC as an average credit risk company.



Appendix

Credit Rating Guide

RATING KEY		CREDIT RISK ASSESSMENT	PROPOSED CREDIT LIMIT (in concerned business field)
CA1	Minimal	Credit can proceed with favorable terms	Large amount
CA2	Low	Credit can proceed promptly	Fairly large amount
CA3	Average	Credit can proceed normally	Moderate amount
CA4	Above average	Credit should proceed with monitor	Small amount – periodical review
CA5	Fairly High	Credit should be extended under guarantee	C.O.D. To small amount
CA6	High	Credit is not recommended	C.O.D.
NR	Assessment not conducted	Insufficient data available	No recommendation

This rating serves as a reference to assess SC’s credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors and their relative weights (as indicated through %) in our credit analysis are as follows:

Financial condition (40%)	Ownership background (5%)	Payment record (10%)
Credit history (30%)	Market trend (5%)	Operational size (10%)

In case of unlimited companies, newly established companies, or lack of financial data, more weight is given to ‘Ownership background’ and ‘Payment record’ in our analysis.

Adopted abbreviations:

NA - Not Available SGD - Singapore Dollar SC - subject company (the company inquired by you)

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