



News release

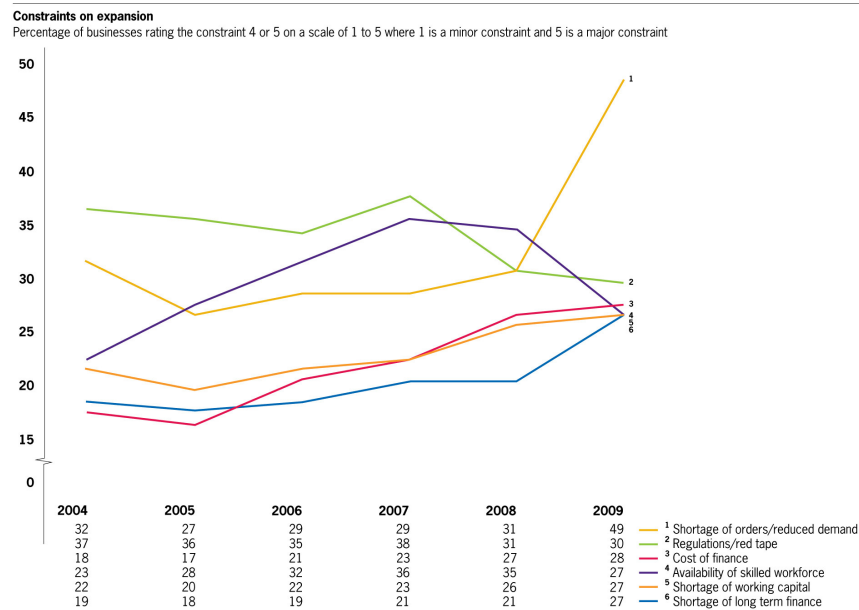
Shortage of orders hit businesses globally

- Singapore PHBs top three concerns
 - reduced demand
 - cost of finance
 - shortage of working capital

Singapore 18 February 2009 - New research into the biggest constraints on the success of privately held businesses (PHBs) shows that, for the first time in six years, a shortage of orders is seen as the biggest constraint. Globally 49% of PHBs rank it as a constraint on expansion, a rise from 31% in 2008 (see chart). 25 of the 36 economies surveyed in the Grant Thornton International Business Report (IBR) placed reduced demand at the top of the league of business constraints. Other barriers measured included red tape, cost of finance, shortage of working capital, shortage of long term finance and availability of skilled workforce.

Given Singapore's open economy and its reliance on the global economic environment, Singapore PHBs reported a dramatic rise in concern on shortage of orders/reduce demand as the biggest worry (40%), an increase from 10% in 2008; overtaking the 2008 top constraint of availability of skilled workforce. The last time the Singapore's economic growth was similarly threatened was in 2004 due to the Sars outbreak, albeit this was geographically restricted to this region.

Businesses in Singapore also reported an upward swing in cost of finance (33%) and shortage of working capital (28%) among major constraints compared with the 2008 findings; with the former recording 13% and the latter 10%.



Source: Grant Thornton IBR 2009

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The countries most concerned about reduced demand were Japan (78%), Italy (70%) and Vietnam (64%). Economies unconcerned about shortage of orders are Thailand, India, Armenia and Netherlands

Perhaps more surprising in the current global economic climate is that red tape (30%) continues to outrank shortage of finance (27%) as a constraint on expansion plans. Last year's biggest constraint, availability of skilled workforce, has predictably dropped out of the top three.

A spokesperson for Foo Kon Tan Grant Thornton said, "It's clear that the impact of falling demand is being felt around the world as consumers become increasingly concerned about job security. Every PHB in every market has been affected differently by the economic downturn, often by circumstances completely beyond the control of the management team. It's important that PHBs remain confident that they are in control of their destiny. That means being proactive, taking time to understand the specific issues affecting their business, and developing strategies that allow them to respond quickly to changes in the market place."

However, while much of the world is feeling constrained by the shortage of orders and reduced demand, there are a few economies where the availability of skilled workers continues to be an issue with Botswana (54%), Australia (47%) and South Africa (41%) all identifying this as their greatest business constraint.

Other PHBs continue to feel constrained by red tape with Mexico (66%) and Poland (45%) ranking this higher than all other constraints. In fact Latin America is the only region where red tape (49%) continues to top the business constraints league, ahead of shortage of long term finance (47%) and cost of finance (42%).

The Grant Thornton International Business Report is an annual survey of the views of senior executives in privately held businesses all over the world. Launched in 1992 in nine European countries the report now surveys over 7,200 PHBs in 36 economies providing territory, regional and global trend data on the economic and commercial issues affecting a sector often described as the 'engine' of the world's economy. Data for eight key industry sectors will be available for the first time in 2009. The research is conducted by Experian Business Strategies Ltd. Grant Thornton International donates US\$5 to UNICEF for every completed IBR questionnaire, a donation of over US\$39,000 in 2008.

To find out more about the Grant Thornton International Business Report, please visit www.internationalbusinessreport.com

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