BACKGROUND TO THE SURVEY

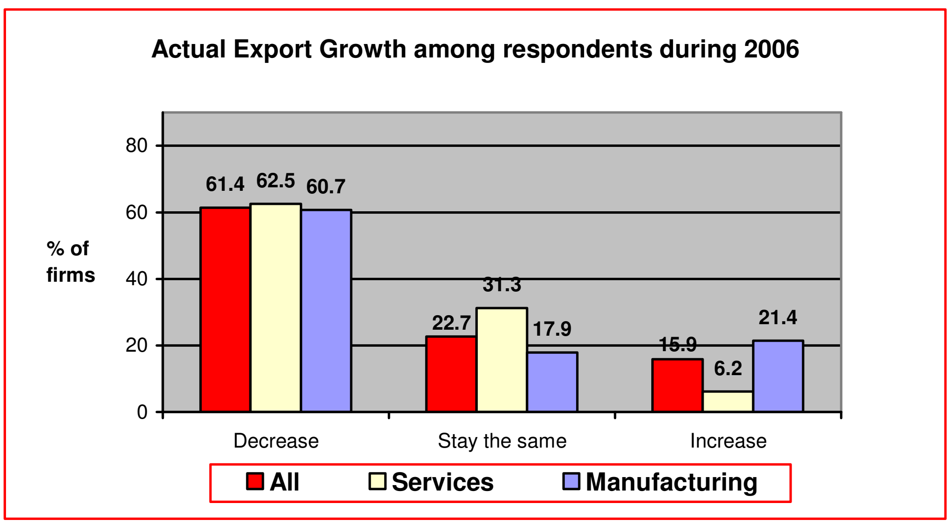
The Credit Management Research Centre at Leeds University Business School has been commissioned to undertake a survey of Export Receivables by Coface, a leading provider of cash flow protection solutions for business. The Export Survey 2007 provides a unique insight into the management of credit and financial operations by UK export professionals. A key remit of the 2007 survey was to produce a report which is consistent and comparable to previous Export Surveys carried out by CMRC. Key areas of analysis include a general overview of receivables management practice and the extent to which exporters use external tools, such as debt recovery and/or use the products and services of organisations (e.g. credit insurers).

Also analysed were the use of financial institutions and the use of support agencies. Information was further obtained on the characteristics of the panel of respondents, use of payment terms in export and domestic contracts and measures taken to monitor and manage risk, and factors contributing to export profitability. These results have been reported according to 10 broad geographical regions.

The main aim of the 2007 study was to provide benchmarks of best practice, track trends in export practice since 2002 and assess the impact of credit management on export success.

OVERVIEW OF INTERNATIONAL TRADE IN 2007

- The responses to the survey reflect a drop in exports in the UK. Across the entire sample, 61.4% of exporters said that their export levels had gone down during 2006 and this figure is expected to have decreased further in 2007 (57.8%).

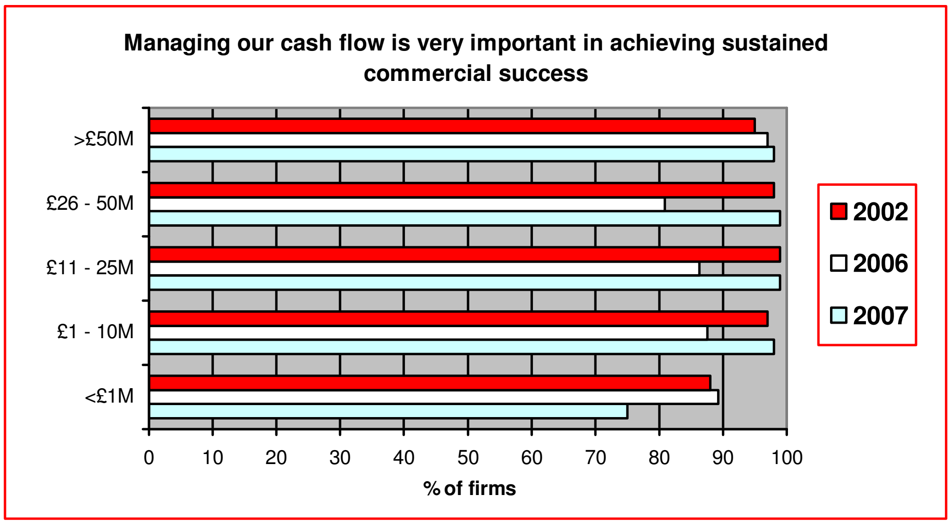


• Customer relationship management has become a key focus and strategic objective for UK exporters with 77% of the sample indicating that trade credit extension is a "customer relationship decision".

• Late payment from customers still remains an important factor in 2007, with 50% of firms indicating that they spend too much time chasing payments.

• The possibility of experiencing a bad debt is a concern for 74% of firms.

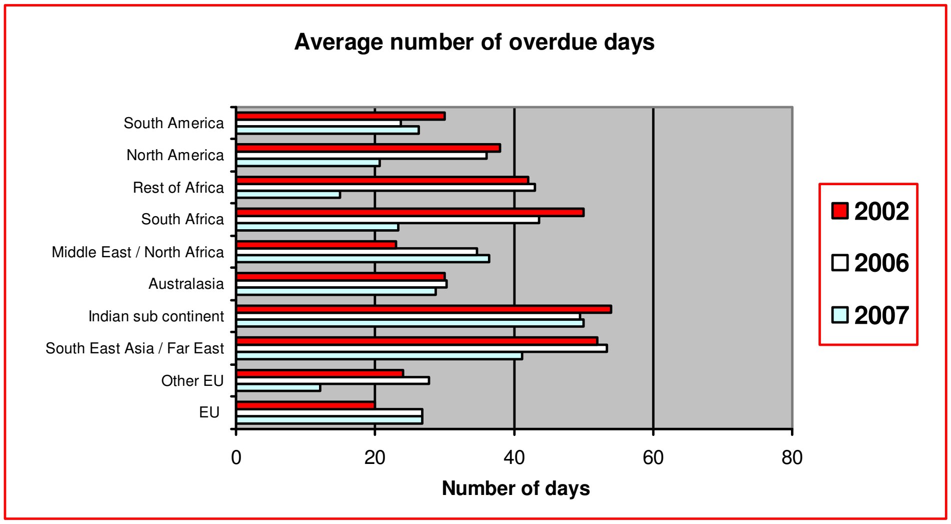
• Managing cash flow still remains an important issue for UK exporters in 2007 with over 90% of companies indicating cash flow as being important for sustained commercial success.



• 58% of firms claim that too many of their customers are taking longer to pay. Particularly those with a turnover of less than £1 million feel that payment periods from overseas customers are getting longer (average 67%).

• Overall, average credit periods of 60 days credit are most likely to be offered in South America (60%) and Other EU countries (55%), as well as Australasia (44%) and the EU (45%). Remarkably, the proportion of firms extending credit terms to 90 days or over, and the proportion of firms offering no credit at all, are both increasing in 2007.

• South East Asia/Far East and the Indian Sub Continent are the regions with the highest number of overdue days (41 days and 50 days, respectively). The rest of Africa and South Africa have seen the most notable reduction since 2006, with an average now of 15 days and 23 days overdue, respectively. The overdue days in the EU have stayed constant at 27 days in 2007.



• Credit being offered on open account has been popular throughout the sample. However the number of exporters using this method has reduced in some regions since 2006, notably Rest of Africa, Middle East/ North Africa, Australasia and Indian sub continent. Advance payment has become more popular in 2007 in most of the regions, particularly South America, Other EU and Indian sub continent.

EXPORT SERVICES

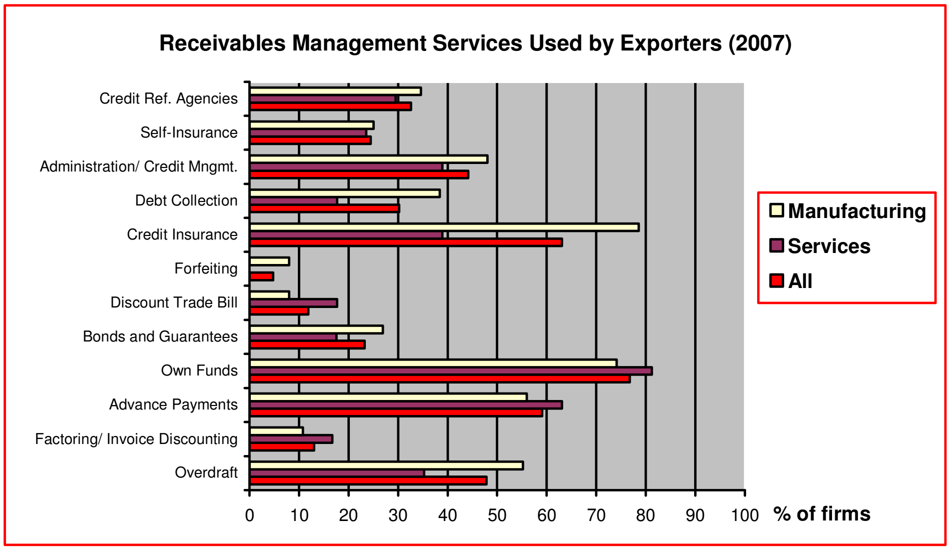
• 92% of UK exporters use their own marketing efforts to identify export sales opportunities when dealing in international markets.

• 75% use company referrals, 70% use the Internet, 69% use overseas agents/distributors and 64% use trade fairs to help them identify export sales opportunities.

• Debt collection services were used 'often' or 'always' by 30% of firms in their export trade.

• 55% of companies who use credit insurance use a broker to obtain this service, only 5% use their bank as intermediary to buy credit insurance.

• Own funds are the most often used receivables management method (77%), followed by credit insurance (62%).



• Credit management services used most regularly include bad debt insurance (80.6%), credit advice (77.4%), debt collection (48.4%) and country information (35.5%). 39.2% of respondents state that they buy credit reference information.

• On average, a firm bought 30 reports in a quarter, whereby 20 are domestic reports and 10 are export reports.

• 53.3% of firms use third parties for domestic debt collections when their in-house debt collection fails, while 42.5% do so for export debt collections.

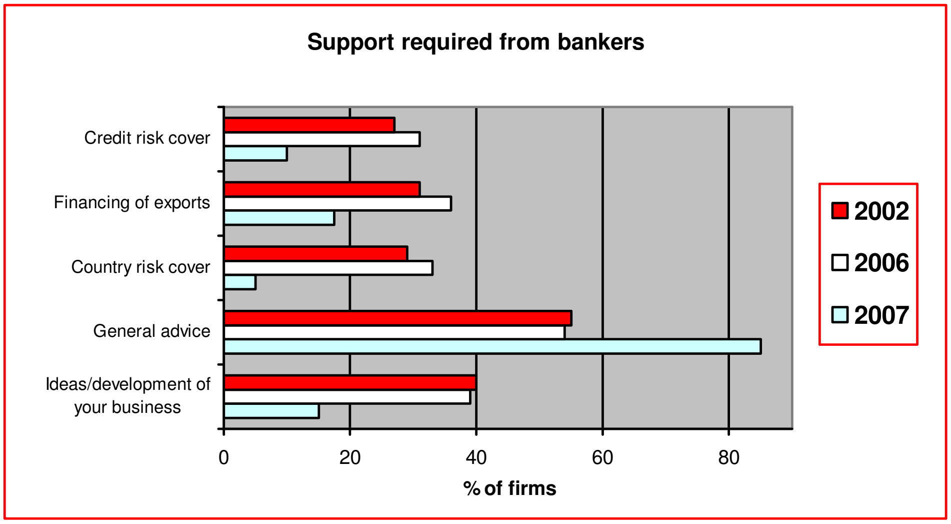
BANKS AND EXPORT FINANCE

• 24% of respondents in 2007 now ask for trade finance advice from their banks, which is an increase from 20.3% in 2002. Exporters from manufacturing sectors or those from the South West region are more likely to use bank advice (28% and 67%, respectively).

• The main source of trade finance advice comes from bank business centres (47%) a decrease from 52% since 2006.

• Exporters are divided almost equally about sources for seeking trade finance advice other than banks, such as accountants, credit insurers and brokers. However, manufacturing firms are more likely to use their credit insurer while service firms tend to use their accountant.

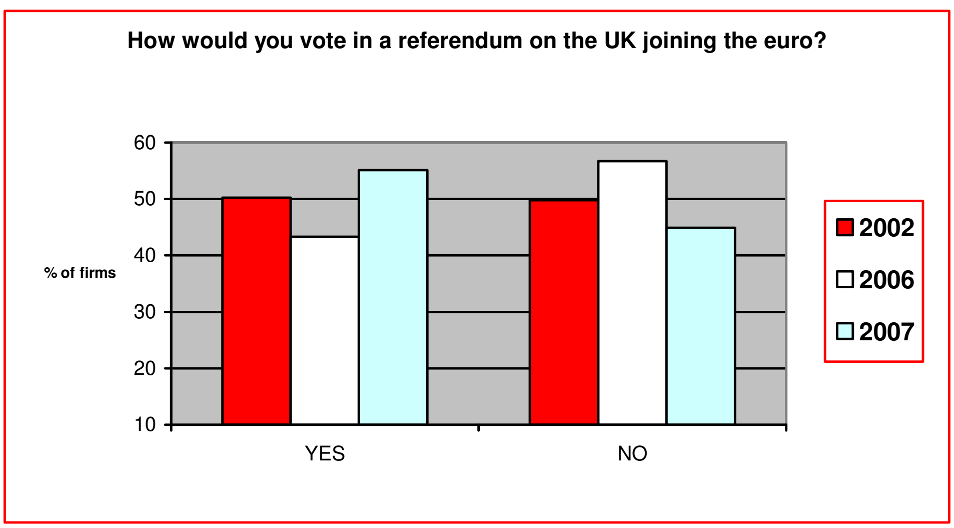
• Of those who seek advice from their bank, 85% required general advice, 15% sought advice on the development of their business, 10% sought country risk cover, and 18% needed advice on financing of exports. Only 5% wanted credit risk cover.



FOREIGN CURRENCY AND THE EURO

• 62.7% of UK exporters say there should be a referendum on joining the single currency.

• If a referendum on the euro was held in 2007, 44.9% of UK exporters would reject the single currency, while 55.1% would be in favour, an increase of 12% since 2006. Service firms are more likely to vote for joining the euro than manufacturing firms.



• 51.7% of those surveyed believe they should be consulted on the UK joining the single currency in one year's time, and 34.6% think that a referendum should take place in one to two year's time.

• Of the firms indicating a 'Yes' vote to the euro, the majority (46.3%) felt it would lead to exchange rate certainty, and 26% felt the euro would lead to lower transactional costs within the Eurozone. 27.7% of exporters stated that price transparency would be the main reason they would vote for the euro.

• 52.8% of those who would vote "No" stated that the introduction of the euro would deliver too many constitutional implications, and 30.6% thought it would contribute to a 'European Superstate'. 16.6% thought that joining the euro would weaken relationships with the USA.