

SAGE GLOBAL SOLUTIONS, INC.

(OTC:PK - SGGL)

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Website: <http://www.sage-global.com>  
Exchange(s): US-OTC Pink Sheets Germany-Frankfurt  
(WKN No. A0J265) (XETRA:Q9A)  
Contact: Integrated Capital Partners Inc.  
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Recent Price: **\$0.6000**  
Target Price: **\$0.8500**

SPECULATIVE NEUTRAL RATING

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Sage about Growing from Mortgage Supply Chain Services

Company Overview

Sage Global Solutions, Inc. (OTC:PK - SGGL) provides mortgage industry supply chain services through the continuing acquisition of successful and complementary companies. It offers a full range of real estate & mortgage services specializing in loan documentation, closings, and lead generation. Sage has three subsidiaries (ENS OMI and RJC Insurance Services) and is currently evaluating several other acquisition candidates. The company will continue to expand upon its service offerings to become a complete personal financial services corporation.

- As an **industry pioneer**, Sage Global Solutions, Inc. is **gaining recognition** for its work to provide a full spectrum of **online/electronic** financial, mortgage and insurance services and products markets for small & medium-sized businesses as well as the individual retail customer.
- Sage Global's subsidiary, ENS, has as its clients **Stewart Title, First American Title Co., Land America, Fidelity National Title, Finance America and New Century Title** to name just a few.
- SGGL is pursuing acquisitions of a **national loan company, real estate brokerage and a national escrow company to compliment** its existing mortgage businesses.
- Express Notary Service (ENS) formed a **strategic marketing relationship** with the **Orange County division of Investors Title Company**. Under the agreement, Express Notary will provide notary and real-estate closing documentation services for new lenders signed by Investors Title. Ultimately, Express Notary expects to handle documentation for up to 300 real estate closings per month, **which could generate up to \$500,000 per annum** for Sage.
- In a recent stud, for **10 of the most important, high-traffic mortgage-related searches**, SGGL feature not only in the top 10 returns, but was the top return. This search optimization is greatly decreasing the company's cost per lead and is highly instrumental in generating new business for varied and related SGGL services.
- SGGL plans to **expand RJC Insurance to also offer personal line insurance business** e.g. **homeowners, auto, life, health** and other insurance cover in unison with its commercial lines policies, which is expected to be a **synergistic fit** when combined with the **existing notary clientele**.
- SGGL has not released audited or un-audited financial statements to shareholders, nor has it made any SEC filings or filed Form 211 with the NASD in accordance with Rule 15c2-11. As such it becomes more challenging to gauge performance and conduct a valuation. Given management comments and news releases we estimate that SGGL will **generate revenues between \$2.1 and \$2.5 million in FY2006**. Under the assumption that the company can complete at least 2 of its stated acquisitions (see third bullet from above) and making allowance for organic growth and synergies, we believe FY2007 revenues in a range of \$5.0 to \$8.0 million will be quite feasible.
- We believe that the company should be valued using a sum of the parts valuation approach for the 3 separate entities for which SGGL acts as parent. Due to the lack of financial metrics to allow us to use historic numbers and hence forecast net earnings, cash flows or book values, we have decided to implement and rely on a price-to-sales method for practical purposes. Using the high-end of our FY2007 revenue estimate range and applying a 1.38x P/S ratio, which is taken as a benchmark from the insurance broker and surety & title insurance industries, we arrive at a market valuation of roughly \$12.5 million or 85c per share, which is our 12-month target price. See INVESTMENT THESIS & RECOMMENDATION for more in-depth discussion (Page 10-11).**



Sage Global Solutions, Incorporated (all figures in Millions)	
52 Week Hi/Lo Range	0.90/0.07
Fiscal Year End	31-Dec
Shares Outstanding (01/10/2006)	14.6
Float (approximately)(10/06/2005)	3.0
Share price (08/16/2006)	0.60
Market Capitalization	8.8
Average Volume (3 months)	NA
Insider Ownership	NA
Institutional Ownership	NA
Enterprise Value (EV)	NA
Long Term Debt	NA
Total Cash	NA
<b>12/31/2006 12/31/2007</b>	
<b>FY2006 E FY2007 E</b>	
Earnings Per Share (EPS)	
Book Value (\$/share)	
<b>FY2006 E FY2007 E</b>	
Total Revenue	2.300 8.000
Cost of Sales	
Gross Profit/Loss	
Operating expenditures	
Income/Loss from Operations	
Net Interest Expense	
Tax Items	
Net Income	
NA = Not applicable/Not Available. A = Actual Reported figures E = Estimates	
Balance Sheet & Financial Statement Extracts	
Current Assets	
Current Liabilities	
Total Assets	
Total Shareholders Equity/Deficit	

## THE COMPANY

Sage Global Solutions Inc., (OTC PK: SGGL) was incorporated in Nevada in 1998. The company **specializes in providing personal and small business financial, mortgage supply chain and insurance services** through the continuing acquisition of successful and complimentary companies. This company **focuses on a full range of real estate and mortgage services that specialize in loan documentation, closings, and personal financial services.**

Sage Global acts as a holding company that is currently engaged in three business segments through its subsidiaries. The company envisages that it will expand its activities into 3 additional business areas in the near future. SGGL is pursuing acquisitions of a **national loan company, real estate brokerage** and a **national escrow company to compliment its existing mortgage and insurance businesses.**

The first subsidiary is called **OnlineMortgageInc.com (OMI)**, which consists of over 50 integrated domains generating 50,000 unique visitors daily seeking information on mortgages. The second is **Express Notary, Inc. (ENS)**, which is an **online mobile notary service**, specializes in **loan document closings**, with a network of **7,000+ signing agents**. ENS is considered one of the premier legal signing agent businesses in the world. Through the acquisition and development of these two entities with more to follow, the company has positioned itself for growth in the Mortgage Industry. The third subsidiary of Sage Global is RJC Insurance Services, a **full service commercial lines insurance agency**, based in California.

The mission of Sage Global is to present a full spectrum of online financial and insurance services and products for small businesses and the individual retail customer. The recent acquisition of RJC Insurance Services is a significant step toward the company's goal of becoming a complete financial services institution positioning itself as a market leader in a rapidly growing industry.

Its goal is to pursue a course of strategies that builds stockholder value. This value shall be achieved by the basic formula of building positive revenue flow through a combination of acquisition and service offerings. Sage is pursuing an acquisition strategy to accomplish its aforementioned goals. SGGL will combine several operating entities representing the necessary expertise of multiple disciplines including mortgage lending, escrow, signing services, global marketing, IT consulting, business management, and capital markets. The company is on a continual search for top talent in companies and that will allow it to grow and shares its bigger picture vision to grow globally.

## SUBSIDIARIES

### OnlineMortgageInc.com (OMI)

OMI is located in Hermosa Beach, California. **OMI generates mortgage leads that feed the loan origination process** in the lucrative mortgage industry. OMI is a strategic acquisition that will benefit the entire group of SGGL companies. OMI consists of over 50 integrated domains generating 50,000 unique visitors daily seeking mortgage information.

Its **emphasis on technology is unique to the industry** and OMI's advanced multi-domain management is unavailable anywhere else on the web. OMI has been able to generate this high daily traffic on its website since its inception just 6 months ago. The company is regarded as an authority when searching for loan, mortgage, interest only, calculator, interest rate, loans online, loan company, loan rates, loans direct, interest only loan, mortgage rate, calculators, interest only loans, mortgage rates, equity loan, no money down loan, loan consolidation, loans for bad credit, or loan information. Sage Global Solutions acquired OMI in April 2005. The acquisition is accounted for as a share purchase and exchange, wherein Sage paid \$20,000 for web development and **issued one million shares of common stock** to the owner of OMI in exchange for 100 percent of the outstanding shares of OMI. Online Mortgage now operates as a wholly owned subsidiary of Sage Global.

This acquisition has further extended Sage Global's reach into the mortgage services industry, having acquired Express Notary Service, Inc. (ENS), a legal signing agent, earlier in 2005. This acquisition is expected to **drastically reduce SGGL's marketing expenses related to acquiring sales leads** for mortgages and document signing.

### Express Notary Service, Inc. (ENS)

ENS is an online mobile notary service located in Irvine California. ENS specializes in **loan document closings**, with a network of 7000+ signing agents. ENS is considered one of the premier legal signing agent businesses in the U.S. The mission statement of Express Notary Service Inc. is to be the most efficient and dependable loan signing service in the nation. Its primary customers are the major title insurance underwriters. Title insurance underwriters are companies that write residential or commercial line policies to protect mortgage lenders and homeowners from **unforeseen claims made against title to real property.**

## Clients

- Stewart Title
- First American Title Co
- Land America
- Fidelity National Title **(The largest title insurance company in the U.S. with 30% market share.)**
- Finance America
- New Century Title
- Capital Title
- United Title Co
- Financial Title

SGGL acquired ENS in March 2005. The acquisition has been accounted for as a share purchase and exchange, wherein Sage issued **six million of its shares to the owners of ENS in exchange for 100 percent of the outstanding shares of ENS**, after which Express Notary started operating as a wholly owned subsidiary of Sage Global. Sage Global also made a \$125,000 payment to Express Notary in exchange for 125,000 newly issued shares of Express Notary as separate terms of the merger between the two companies.

Sage Global formed its strategy, infrastructure, and business model around the merger with **Express Notary by placing Express Notary as the centerpiece of its business**. The merger has increased its revenues and increased shareholder value.

Andy Kondo and Henry Davidson, both of Express Notary Service, Inc., then joined the Sage Global board of directors. Davidson, now President of SGGL, began his career at Tradeway Securities and then moved to Equity Trust Advisors. Kondo, who is currently the acting CFO and Secretary of Sage Global, formerly worked in the financial services industry as an investment advisor and then moved to the Corporate Executive Services division of Roth Capital Partners. Kondo and Davidson founded Express Notary in 2003 and have seen it through its startup and initial growth phases. **Express Notary's revenues topped \$500,000 in 2004.**

## RJC Insurance Services

SGGL signed a Letter of Intent to acquire RJC Insurance Services, a **full service commercial lines insurance agency** on April 28, 2006. The acquisition closed on June 15, 2006.

The first of several potential takeover candidates, RJC Insurance Services has exceptional access to unique markets and is one of the premier insurance service providers in California. Robinson Yang, co-founder of RJC, has created an exceptional reputation for delivering unique and individual coverage and policies through an extensive network of underwriters, providers and carriers. Robinson brings over 19 years experience to Sage Global Solutions.

This is a development-stage commercial and general liability insurance agency. Though the company does plan to grow through strategic acquisitions, **projected revenues for FY2006 are \$400,000**. Additionally, the company will exploit key relationships with current shareholders for marketing and service. The synergies between RJC and other current and future business channels and operations offer an important competitive advantage to SGGL that will for an integral part of its strategy.

SGGL plans to **expand RJC Insurance to also offer personal line insurance business** e.g. **homeowners, auto, life, health** and other insurance cover in unison with its commercial lines policies. According to the CEO the company sees a synergistic fit is likely if this strategy is pursued and products expanded and offered to current ENS clientele. The company also sees a major opportunity to write additional insurance business by offering products such as workers compensation, liability insurance etc. to current RJC Insurance Services staffing agencies.

Management expects RJC Insurance Services to continue to show strong and improved year-over-year results.

The mission of Sage Global is to present a full spectrum of online financial and insurance services and products for small businesses and the individual retail customer. This acquisition is a significant step toward the company's goal of becoming a complete financial services institution positioning itself to be a market leader in a quickly growing and unique industry.

## Acquisition Candidates

### Wholesale Insurance Services Inc.

This company currently has monthly revenues in excess of \$80,000 and a monthly residual income of \$30,000 or more, based on a mix of current homeowners and auto policies totaling near 5000 clients. SGGL has plans to expand the operations and grow the insurance book into life and health insurance through acquisition and also homeowners through its current client base with ENS.

## TECHNOLOGY

The design of Sage Global Solutions website, internet technology and IT system easily lends itself to **scale to any size** to compete with the largest competitors. The keywords, images and all elements of the site are easily modified to meet future needs. **The Advanced Multi-Domain Management provides a competitive advantage that is not available in other websites.** The design will maximize Search Engine Rankings by utilizing the elements easiest to index. However, the massive amount of content would not be maintainable unless a dynamic, database engine is used. Their unique technology allows for the creation of dynamic pages that appear to be static html to the search engines.

- Html pages
- Jpeg or gif images
- No Flash or extensive Javascript

## Requirements

- **A Complex, Multi-Function website** consisting of over 100 pages, covered with current rates from multiple sources, financial calculators, and value-added content.
- **An enterprise consisting of Dozens of Domains** which will be linked together in such a way as to boost the importance of the primary site, e.g. www.homemadeloans.com
- **Search Engine Optimization** – The website will use an advanced technology that generates web-pages dynamically from a database, yet appears to the search engines as a static html page for optimal indexing. The pages will be carefully loaded with meta-tags and targeted, relevant page content.
- **Advanced Multi-domain Management** – Using technology that manages an e-commerce enterprise with 60 domains, the site will have advanced multi-domain management capabilities to provide the ability to adjust all search engine parameters from a single interface, thereby responding instantly to the changing formula used by Google and other search providers.
- **Affiliate Management** – The website will include the ability for partners to register and for the database to track all activity for billing and reporting. Partners can buy referrals based upon location, type of loan, LTV, and other important filters.
- **Customer Relationship Management** – Automated e-mails and customer management functions to capture conversion rate from website interactions.

## INDUSTRY & STRATEGY

The Internet has forever changed the relationship between retail and commercial financial firms and their customers. **For an increasing number of consumers, the Web has become the preferred channel for financial account management and services.** Sage Global has as its goal of becoming a complete financial services institution and is positioning itself to be a market leader in a rapidly growing and unique industry. Next generation Internet users will demand the latest products and services.

According to the Mortgage Bankers Association, **1-to-4 Family Mortgage Originations increased more than 200% from \$1,024,000 million to an estimated \$3,318,000 million in 2003.** Also the Refinance Share went from 19% to an estimated 66% in 2003. The key to generating this business is the ability to capture qualified leads.

The management of this company believes the **online mortgage lead generation business drives the lucrative mortgage industry**. Qualified leads can easily be sold and provide a substantial revenue stream. However the Sage strategy of acquiring complementary mortgage-related companies expands the profit potential exponentially by essentially capturing a lead-base and extracting value from these leads and **keeping the mortgage related business 'in-house'**.

The strategy includes:

- Unique technology to achieve "natural" high rankings with the major search engines.
- Online systems that connect lenders and borrowers in real-time.
- Nationwide expansion delivering economies of scale.

### Express Notary

The market for loan documents signings has seen a dramatic increase since the year 2000. According to the Mortgage Bankers Association, 1-to-4 Family Mortgage Originations increased from **\$1,024,000** million to an estimated **\$3,318,000** million in 2003. Also the Refinance Share went from 19% to an estimated 66% in 2003. This is a direct correlation of the overall decline in interest rates.

We believe the online notary order system provides a tremendous benefit to its clients. The system allows its customers to reliably order a loan document signing over our website. Previous methods of ordering are very time consuming, which was either done over the phone or faxed. Our software also allows us to update the status of the signing to the customer via email. We believe our system is well suited to meet the demands of its customers as the marketplace is making technological advances. With the software integration complete, the company has entered in its growth phase. The company's objective is to take full advantage of its "Online" approach and increase its sales and customer base.

The strategy includes:

- **Grow** the company **organically** by **hiring additional sales and customer service reps**.
- Potentially **acquiring similar signing services**.
- Offering of **additional services** related to lenders, escrow, and other similar services.

The Federal Reserve recently **decided to "pause" its tightening campaign after 17 consecutive quarter-point hikes in the Fed Funds rate**. Recent economic data, such as housing starts, inflation and producer prices has been unconvincing that the Fed should tighten further and has alleviated the risk of more rate hikes at the September or October FOMC meetings. The consensus view is that the Fed is likely to continue to stand pat and assume the role of silent observer of economic trends. The restrictive and more hawkish restrictive monetary policy was necessary in order, to combat inflation and return to a more 'neutral' rate in line with long-term averages. A second, less obvious motivation behind these rate hikes may have been a strategy to raise rates to temper speculation in the property market that was showing signs of overheating, given the sharp price increases in the real estate markets and level of buying/selling activity seen in the past 4 years.

Even though we have seen a slowdown in recent data on new home sales and other real estate economic data e.g. construction and building permits, we do not subscribe to the view that the property market is vastly overvalued on a nationwide level and that we will see a 'NASDAQ-style bubble burst' occur in the near future, but rather that there are frothy regional, suburban or city areas **(particularly coastal markets) where prices have risen dramatically** and may need to plateau or retreat slightly for some time. We are of the view that the overall US economy is starting to slow down and that we will see a 'cooling' off period ahead in the commercial and residential property industry in most states.

The fact that short term interest rates may have 'peaked' and that a relaxation policy may be around the corner with some economists already believing rates will next be lowered as early as mid 2007, is a key factor to understand and take cognizance of.

Should this indeed occur which we believe it **will act to stabilize the risks in the property market of a severe and or prolonged slowdown as it may contain the risk of default on some ARM and sub prime mortgages**. We are seeing clear signs that the speculation that used to be evident in some areas in property is no longer present in the real estate market and that people are taking a more sober approach when buying, selling or refinancing homes or second properties. Putting all of this in context we believe even though we may see slight declines in the overall nationwide number of loan closings and mortgage activity in 2007 and 2008 when compared to 2003-2006 periods, however **we expect the market to remain fairly buoyant** and provide a backdrop for small companies such as OMI and Express Notary to show impressive growth coming off such a low base.

## RECENT DEVELOPMENTS & OUTLOOK

According to the Senior Management Team at Sage Global, "Our Corporate goals have made significant strides for long-term success as we have built a strong foundation for our core business through strategic acquisitions. Our roll-up strategy combines several operating entities representing the necessary expertise within multiple disciplines including mortgage lending, escrow, signing services, global marketing, IT consulting, small business and insurance services."

SGGL's management is rife with marketing experience and success and has developed a complete program for their customers that want solutions in the financial services and insurance service arena that fits the lifestyle and needs of today's time-conscious consumer. This company has the right shareholders, the talent and a very solid business plan in place to accomplish their long-term goals. We believe SGGL has the product offerings and highly experienced financial staff to address the many challenges facing financial institutions in this time of increased competition.

Through Sage Global's subsidiary OnLineMortgageInc.com (OMI), and with their recent acquisition of RJC Insurance Services and new influx of business for ENS from Orange County, SGGL as a whole will generate revenues and profits that we feel will provide an important steppingstone to **generate cash from operations that can be utilized to expand organically or via acquisitions**. The present subsidiaries are well positioned and able to ensure this company's long-term success. In addition, the recent acquisition of RJC Insurance Services, Sage Global now has the ability to offer small businesses and the individual retail customer's a full range of online financial and insurance services and products. This key acquisition should enable Sage to reach its long-term goals much faster than was the case before.

Over the coming decade the demand for information products and services will continue to grow exponentially. Such rapid expansion is expected to continue for this company because consumers reveal that they want the newest, most up-to-date products and services available – and SGGL is preparing to offer these services to the customer. The progress that the company has made with its present websites and online offerings and progression of its developed technology is providing a competitive edge over its competition. This edge is reason for investors to consider taking a deeper look into the company and recognizing the potential of this small growing mortgage services conglomerate.

Investors should also **take note of the details of recent deals announced by ENS, which is lifting the revenue and ultimately the future profitability outlook for SGGL**.

Express Notary subsidiary has formed a strategic marketing relationship with the Orange County division of Investors Title Company. Under the agreement, Express Notary will provide notary and real-estate closing documentation services for new lenders signed by Investors Title. Ultimately, Express Notary expects to handle documentation for up to 300 real estate closings per month, **which could generate up to \$500,000 in new revenue annually for Sage**. In its initial stage, Express Notary expects to process at least 100 real estate closings per month generating minimally \$15,000 to \$25,000 per month in new revenue. The same services will also be marketed system-wide to Investors Title lenders who administer 600 to 700 monthly closings in Orange County alone.

Based in Chapel Hill, North Carolina, Investors Title Company is a title insurance underwriter that writes policies to protect mortgage lenders and homeowners from unforeseen claims made against title to real property. Established in 1972, Investors Title specializes in residential and commercial title insurance, 1031 exchanges, reverse exchanges, title agency management services and Trust and Capital Management Services.

Express Notary subsidiary was also contracted by Orange Coast Title to provide notary and real-estate closing documentation services for its Nationwide Lenders division in La Mirada, California in July 2006. Within the next three months, from this one contractual relationship alone, SGGL expects to grow to an average of 300 to 500 closings per month and \$40,000 to \$80,000 in monthly gross revenue. This arrangement **should add at least \$500,000 in annual revenue to Express Notary's existing revenue**. In just the first month under the agreement ENS generated about 140 signings and gross revenues of approximately \$28,000. Management says that the number of signings is increasing every single week, and that they **expect to double the closings count within 90 days**.

If we combine the potential incremental revenue of these two deals on top of the existing business of ENS and add \$400,000 for RJC Insurance Services and make allowance of \$150,000 to \$250,000 revenues (estimation) for OMI annual revenues, we arrive at a FY2006 annual revenue figure for Sage Global solutions **of roughly \$2.3 million**.

## DUAL LISTED COMPANY

Sage Global Solutions, Inc. (Pink Sheets:SGGL) (**German WKN No. A0J265**) (**XETRA:Q9A**) announce that they have been granted permission to trade on the Frankfurt Stock Exchange, the third largest exchange in the world. Trading of Sage Global shares in Germany started on July 12, 2006.

The Frankfurt Stock Exchange's turnover and securities dealing rates is one of the world's highest. It leads the eight German stock exchanges and is responsible for 85 percent of the securities trading volume in Germany. The Frankfurt Exchange provides full-service trading capabilities, which include a trading floor as well as an electronic trading exchange, XETRA.

Frankfurt-based **RG Securities submitted the application on behalf of Sage global and will serve as its specialist.** RG Securities AG is a financial boutique with extensive experience and has established itself as a well-recognized Market Maker on the Frankfurt Stock Exchange (FWB) and XETRA. RG Securities AG is a full member of the Frankfurt Stock Exchange and XETRA, a listing partner of Deutsche Boerse and is fully qualified and recognized by the Deutsche Boerse as the competent advisor in all issues related to the admission to trading on the Frankfurt Stock Exchange.

Sage Global will begin a worldwide awareness campaign in the coming weeks. An extensive tour will be instituted with expected stops in Geneva and Zurich, Switzerland, Frankfurt, Germany and Brussels, Belgium. Company representatives will then travel on to many other cities in Europe through the end of 2006 and well into 2007, including but not limited to, Vienna, Paris, Amsterdam and Stockholm, to meet a diversified and comprehensive group of professionals. The tour will continue well into the future and serve the purpose of introducing Sage Global to the investment community as well as **to potentially expand on business opportunities in the European community.**

Henry Davidson, CEO of Sage Global Solutions, Inc., stated that the company decided to apply for listing and trade on the Frankfurt Exchange to facilitate global access to the company's securities and **improve market liquidity for shareholders.** The company is also looking to expand business opportunities in Western Europe.

## FINANCIAL STATEMENTS

The company **has not published or released any audited or un-audited financial results to date or made any SEC filings,** which restricts our ability to assess the financial health and performance of the company, and limits our ability to make more informed and reliable forecasts about future prospects on margins, sales and profitability. The company has a December 31<sup>st</sup> year-end date.

In a recent interview the CEO mentioned that the company is in process of completing a full audit and will look to release either audited or unaudited results to shareholders in the near future. The company is also **preparing to file form SB-2.**

**SB-2 is the Federal form for offerings and sales of securities in which the maximum offering is unlimited.** The offering is available to DPO candidates that have no more than \$25 million in sales. The SEC review is conducted centrally in Washington and must be filed electronically through EDGAR 3 with the SEC. The offering is considered a full-blown registration and involves a detailed Prospectus. Blue Sky State filings are required within any state in which stock subscriptions are sold. **The SB-2 filing requires audited financials, the last fiscal year's balance sheet and the last 2 fiscal year's income statements plus un-audited interim financials.**

An Initial Public Offering (better know as an IPO) is an underwritten public offering. This means that an underwriter, usually an Investment Banker, believes in the offering so much that they will prepay the issuer for the stock, then go out to the public market and sell it. Generally speaking, only larger offerings, which have gained tremendous publicity in the public eye, qualify to go the IPO route. **Registrations such as SCORs, Reg As, SB-1, and SB-2 are normally too small** to attract the attention of national underwriters.

A Direct Public Offering (DPO) is an offering conducted without the help of an underwriter. The DPO candidate company "bootstraps" itself by selling its stock directly to the prospective shareholder through direct mail, to underwriters on a "best efforts" basis, and now through the Internet. The DPO combined with the Internet provides an inexpensive entrée into the public offering sector for small companies seeking capitalization.

The company also plans to make the necessary filings to comply with NASD Rule 15c-211. Rule 15c-211 was designed to allow non-reporting public company's securities to be quoted on the National Association of Securities Dealers' (NASD) Over-the-Counter Bulletin Board (OTCBB) by filing some simple disclosures. Companies seeking to obtain a quote on the NASD OTCBB are required to file reports with the Securities and Exchange Commission (SEC).

Under Section 15 of the Securities Exchange Act of 1934, as amended, a company who has filed a registered offering with the SEC, such as an SB-1 or SB-2 registration statement is required to file reports for one year. A company which files a Form 10 or Form 10SB (for small business issuers) becomes a reporting company under Section 12(g) of the Act and must file reports.

To be eligible for a quotation of its securities on OTCBB, the company's market maker must file a Form 211 with the NASD, the company must have sufficient free trading stock in its public float in accordance with Rule 15c2-11.

*See Appendix A-I for Analyst Certification and Important Disclosures.*

**The absence of financial data plays a vital role in setting and selection of our investment rating. Due to our ratings and selection criteria, companies that have not provided financial information are unable to be classified in a category higher than SPECULATIVE NEUTRAL RATING, irrespective of other possible overriding bullish factors that may influence or justify a higher rating.**

**Other noteworthy financial and per share statistics are listed in the table found on page 1 of this report.**

### Liquidity and Capital Resources

No information was readily available to enable us to review the cash and cash equivalent position of the company at the time of writing of this report. It is uncertain if the **company has sufficient resources and is covered to conduct its operational and/or expansion plans and finance further acquisitions earmarked in the coming year. It is likely that acquisitions will be equity for equity based with a smaller cash component needed to close one or more of the acquisitions. However we believe** management will manage the existing resources in a prudent fashion, to maximize its development and technology efforts in the best possible way to manage shareholder capital. The company is in discussion with several investment banks to raise further capital needed to reach its medium and long-term goals.

### RISK FACTORS /CONCERNS

**The longer-term consistency of revenues and profit potential, remain uncertain and the future operating results may continue to fluctuate.** The company's ability to execute against its stated business model is not yet fully proven. There can be no assurance that the company will be able to generate increased revenues from the sale of their online mortgage related products and financial services, loan document closings, insurance policies and related products. SGGL may experience cash flow or liquidity issues as it continues to develop and market its business. If cash generated by operations is insufficient to satisfy the company's liquidity requirements, the company may be required to sell additional equity or debt securities.

SGGL is **principally dependent on the expertise of its board of directors** and especially the **President, Henry Davidson, Andrew Kondo (CEO) and Doug Coulter (CTO)** its remaining management team and dedicated employees, the loss of which could materially adversely affect future anticipated operating and financial results.

**The current liquidity and financial information are not presently disclosed.** The current cash position is likely insufficient to fund acquisitions, and if insufficient operating cashflow is generated in FY2006 it may hurt or limit the company's expansion plans. Despite the recent decline in housing start numbers, home construction numbers and building permits that signals that the activity real estate has peaked, competition remains fiercely competitive, where SGGL faces opposition from larger and better-funded rivals who compete with OMI and ENS. Increased competition could result in less fee income, fewer loan document closings from title insurance companies, reduced revenues and margins, any of which could materially and adversely affect Sage Global's business, financial condition and results of operations.

SGGL does not foresee any regulatory changes on real estate loan document closings or commercial or private line insurance as far as life, health, home-owners etc. is concerned that could adversely affect the products/services they intend to provide. **The business of ENS is a function of the level of activity of mortgage loan approvals and title insurance written, which is in turn dependent on investor confidence in property and real estate markets.** Interest rate shocks or sharp unforeseen rate adjustments on sub prime mortgages and ARM's can lead to heightened credit risk and higher rates of default on mortgages that cause a overall decline in real estate activity and lead to a decline in ENS revenues.

As far as **the insurance arm of the company is concerned a host of risks prevail. Premiums received for sums insured and covered risks may be insufficient to honor legitimate claims in an event of high claim occurrence.** There can be no certainty that RJC Insurance Services have sufficient reserves in place to pay out its claims under policies at all times. There may be risks that the company decide not to reinsure and hence can create a large loss in event of abnormal claim frequency or if large sum insured is payable to an insured party.

SGGL continues to pursue a strategy of rapid growth, and **plan to expand significantly its value added mortgage supply-chain service capability** and devote substantial resources to marketing, sales, administrative, operational, financial and other systems and resources. Such expansion will place significant demands on marketing, sales, administrative, operational, and financial and management information systems, controls and procedures. Accordingly, future performance and profitability will depend on the ability of management and key employees to manage the all subsidiaries as a cohesive enterprise; manage expansion through the timely implementation and maintenance of appropriate administrative, operational, financial and management information systems, controls and procedures; add internal capacity, facilities and third-party sourcing arrangements as and when needed; maintain service quality controls; and attract, train, retain, motivate and manage effectively all SGGL employees.

*See Appendix A-I for Analyst Certification and Important Disclosures.*

There can be no assurance that SGGL will integrate and manage successfully new systems, controls and procedures for our business, or that its present systems, controls, procedures, facilities and personnel, even if successfully integrated, will be adequate to support its projected future operations. Any failure to implement and maintain such systems, controls and procedures, add internal capacity, facilities and third-party sourcing arrangements or attract, train, retain, motivate and manage effectively its employees could have a material adverse effect on SGGL's business, financial condition and results of operations. There are also additional **risks associated with pursuing acquisitions**, such as exposure to unknown liabilities, unforeseen costs and expenses associated with closing of the acquisition such as legal fees and other costs associated with integration of the acquired business units, which can cause fluctuation in quarterly and annual financial performance.

Trading in the shares will continue to be subject to major fluctuations for the foreseeable future. The stock is thinly traded at prices below \$1.00 and selling of small positions could have a negative impact on the share price in absence of sufficient liquidity. The reverse is true if one or more large investors decide to acquire a block of SGGL shares that would result in demand outstripping supply and result in an upward squeeze in the price given **the low liquidity and daily trading volume**.

**We caution that historical volume activity on SGGL has been erratic, but we are unable to forecast if trading volumes will improve over the coming months.** Major dilution of common stock can occur if company issues large blocks of common stock or stock options/warrants (should they exist) are exercised into common stock, that can negatively impact on the value of the shares either theoretically or if sold in the open market. In the event that such holders of preferred stock, warrants and options exercise their conversion rights, the holders of the common Stock then issued and outstanding may experience immediate and substantial dilution in the net tangible book value of their shares if earnings and other factors do not compensate for the increased number of shares of such common stock.

SGGL's common stock is listed on the OTC Pink Sheets. NASD and SEC Regulations covering rules on Penny Stocks apply for SGGL, subjecting NASD broker-dealers to additional sales practice and disclosure requirements.

Further elaboration on these above mentioned and other risk factors are likely to be contained in future **SEC filings or SB-2 Offering Prospectus**.

## MANAGEMENT

The senior management team at Sage Global Solutions Inc. consists of seasoned professionals with extensive experience in business development, management, and operations.

### Henry D. Davidson – President

Over 9 years experience in the financial industry working with high net-worth individuals. Founder of Equity Trust Advisors - investment firm in Southern California. Mr. Davidson grew Equity Trust Advisors from its inception of two partners to over thirty employees in two offices. His duties included hiring and supervising all personnel. He was also responsible for supervising all NASD and SEC regulatory concerns including the retail, trading and compliance divisions. At Equity Trust Advisors Mr. Davidson was also responsible for a retail client base of over 800 clients with over 85 million in assets.

### Andrew Kondo – Chief Executive Officer (CEO)

Over 8 years experience in the financial services industry working with retail and institutional investors. He was previously with Roth Capital as Vice President of Corporate Executive Services. At Roth Capital Mr. Kondo helped to manage the Corporate Executive Services division for the firm's investment banking clients. He was involved with well over 100 different financings amongst an array of products including, Initial Public Offerings, PIPES, Secondary offerings and Private Placements as well as the daily management of retail accounts.

### Doug Coulter – Chief Technology Officer (CTO)

With over 20 years of engineering experience in the design and implementation of enterprise systems, Doug Coulter is the Chief Technology Officer (CTO) for Sage. He is proficient in over 15 operating systems, 18 computer languages, and 25 protocols. He was formerly the CTO of Reelplay.com, which develops an online marketplace for the entertainment industry using network attached storage (NAS) technologies.

**Reelplay was recently named by Forbes Magazine, as one of the Top B2B sites.** As the former CTO of Netsperanto.com, he was responsible for simultaneously building 8 websites with full community portals in 6 different languages. During his tenure with this company, he also developed the web infrastructure at Exodus using Storage Area Network (SAN) technology. As VP of Technology at 2publish! (mediazing.com), he managed a staff of 40 software engineers that developed a Media Portal to enable newspapers, television, and radio stations to become Internet publishers and to leverage their brand and local content.

*See Appendix A-1 for Analyst Certification and Important Disclosures.*

He was also involved in the development of system integration in Australia, Singapore, Germany, Norway, France, Austria, Canada, and the UK. As Director of Product Development for Imagesoft Technologies, he managed a staff of 28 software engineers in custom application design and implementation in banks and financial institutions. Mr. Coulter also performed mission critical roles for the Department of Defense where he developed device driver software for network/storage devices. He received an M.S. in Computer Engineering from Pennsylvania State University and a B.A. in Computer Science from LaSalle University.

## **INVESTMENT THESIS AND RECOMMENDATION**

**Our analysis suggests that Sage Global Solutions Inc. is an interesting speculative play among micro-cap companies offering exposure to the investor on growing need for electronic/online financial, mortgage supply chain and insurance services. The investor enjoys the added benefit of being able to partake in an opportunity to invest in a company that has taken the preliminary steps to lay firm foundations for what appears to be rapid growth ahead. Furthermore the company has distinguished itself from its rivals by creation of a competitive edge via its online systems, the technology of its website and its dominant position with internet search engines.**

**We believe SGGL is positioned in a market that will remain buoyant and that there is major room for the company to grow market share of both ENS and OMI. The vision of linking complementary companies serving the mortgage supply chain is exciting and provides an unrivaled opportunity for growth and profitability. SGGL has again topped the rankings for mortgage-related searches from the Internet's top search engines according to a recent press release by the company. This success provides the company with leads for its varied and related services primarily from OMI.**

**Both operating and financial risk involved in investing in a young financial, general insurance and mortgage supply chain service companies are typically high and should be considered by investors. In this case the risks are tied mainly to a downturn in real estate activity, balance sheet strength to withstand tough economic times and unfavorable claim experience, lower loan originations, unforeseen high insurance claim risks that can obstruct or provide a setback to the pace of growth. SG&A, reinsurance costs, pricing, risk hedging and marketing costs need to be managed well in order to achieve consistent profitability and stabilize margins. Readers should understand that there can be no assurance that the company will be able to fast-track its intended path towards clinching large contracts from title insurers and maintain or lift the pace of revenue growth experienced recently, that will flow through directly to the top and or bottom line to build a consistent longer term profitable track record to enrich shareholder value.**

**We therefore only recommend investors that have a high tolerance for risk that are able and willing to forfeit either most or all of their capital in search for extraordinary returns, to consider investing in the shares. Also, in our view investors willing to commit capital to SGGL should do so with absolute minimum 2 year investment horizon, but preferably longer, to allow ample opportunity for growth to emerge until broader price discovery can materialize within the investment community that will allow the value behind the OMI leads and synergies between ENS client base and RJC Insurance Services to be unlocked as new underwriting and financial business and loan closings come to the fore and the company grows further through complimentary acquisitions. Short term we expect that the price of SGGL may tread water from a technical point of view. We see lack of financial disclosure as factor that is a negative overhang on the performance of the stock, which may inhibit price appreciation, unless it is resolved.**

**Our view is that the company will release financial statements in the near future. We believe SGGL can manage its organic and acquisition based growth strategy and deliver solid financial and operational performance in FY2007, that when coupled with improved disclosure will ultimately lead to re-rating of the stock.**

**The mission of Sage Global is to present a full spectrum of online financial and insurance services and products for small businesses and the individual retail customer and we believe the company is off to a flying start to meet this objective and capture a growing client base that is seeking online solutions and availability of diverse financial needs. One of the core reasons which is pivotal to our bullish argument for upside in SGGL, results from our interpretation of the synergies that are possible from combining the ENS client base and leveraging off that client base by additional offerings of products from RJC Insurance that can expand to offer personal lines business in conjunction with its commercial lines underwriting business, already in place.**

**Another vital factor that we believe can propagate the growth that appears to lie ahead for this small yet fast-growing mortgage supply-chain services conglomerate, stems from the acquisition strategy that can lift revenues and unlock more synergies across the full suite and chain of services that SGGL can bring to the market.**

SGGL is now pursuing acquisitions of a national loan company, real estate brokerage and a national escrow company to compliment its existing mortgage businesses.

Based, on many of the positive factors cited above and exciting new Orange County loan closing relationships forged by ENS in recent weeks which is set to boost revenues, together with additional potential business relationships in Western Europe that may bear fruit from the scheduled road show following Sage Global's recent German listing, we are of the opinion that SGGL stock has upside potential.

Given managements comments, information contained in news releases and our own independent forecasts, we are of the opinion that revenue potential of \$2.1-\$2.5 million is achievable for FY 2006. Under the assumption that the company can complete at least 2 of its stated acquisitions mentioned on page 10 and making allowance for organic growth and synergies that would likely stem from such corporate actions, we believe FY2007 revenues in a range of \$5.0 to \$8.0 million will be quite feasible.

We believe that the company should be valued using a sum of the parts valuation approach for the 3 separate entities for which SGGL acts as parent. Due to the lack of financial metrics to allow us to use historic numbers and hence forecast net earnings, cash flows or book values, we have decided to implement and rely on a price-to-sales method for practical purposes to arrive at a value that is useful while financial statements and history remain absent from our analysis.

Using the high-end of our FY2007 revenue estimate range and applying a 1.38x P/S ratio, which is taken as a benchmark from a list of companies listed in either the insurance broker and surety & title insurance sectors, we arrive at a market valuation of roughly \$12.5 million or 85c per share, which is our 12-month target price.

Under these assumptions we initiate coverage on SGGL with a SPECULATIVE NEUTRAL rating. The reader should note that the absence of financial data plays a vital role in setting and selection of our investment rating. Due to our ratings and selection criteria, companies that have not provided financial information are unable to be classified in a category higher than SPECULATIVE NEUTRAL RATING, irrespective of other possible overriding bullish factors that may influence or justify a higher rating.

*Risk to our recommendation include amongst other: failure of OMI lead generation efforts to its targeted customer base and ENS ability to gain further loan document closing contracts with title insurance companies on nationwide and regional level, a slowdown in growth of current insurance and loan document closing revenue streams that will lead to a contraction in our revenue assumptions. New competition in regional markets or pricing wars, any stringent or bold unforeseen regulatory changes impacting adversely on current and/or prospective market segments that SGGL will conduct their business in, any inability to obtain necessary financing from capital markets when needed, to continue its organic growth, technological advancement and marketing projects or to pursue acquisitions and/or major share dilution that can occur, if large quantities of shares are issued to extinguish debt or paid for services, are some additional factors that will counteract price appreciation potential or cause shares to decline in value.*

*Any steep decline in housing and real estate markets or a large increase in defaults by homeowners with high credit risk can restrict future business activity and hurt operations and financial performance, the inability to achieve revenues in the future that depends in significant part upon Sage Global Solutions Inc.'s ability to build upon existing relationships with customers serviced by Express Notary Services Inc. (ENS), and provide support and added financial and mortgage supply-chain services to existing ENS customers and OMI generated leads can hamper financial and share price performance. As a result, any cancellation, reduction or delay, for whatever reason, in these business activities may materially adversely affect the business, financial condition and results of operations and additional risk factors that could adversely affect the attainment of our share price target include: general economic conditions and a variety of factors that is outside the control of the company, risk to a steep decline in the housing market and interest rate or mortgage rate shocks, amongst others. Reduced capital spending budgets by SGGL customers caused by an unanticipated industry or economic downturn or a major contraction in nationwide real estate industry in general, albeit unlikely can lead to soft demand for products and services, which can resulted in decreased revenues, earnings levels or growth rates. Unfavorable and high claim frequency experienced by RJC Insurance Services Inc. can lead to adverse financial results or even ruin if reserves are inadequate or the necessary reinsurance policies are not in place to hedge the underwriting book of this subsidiary of SGGL.*

*We would caution that given the size of the company (microcap) and risks involved, overall we advise private client positions be limited below 5% of the client's total portfolio size.*

**ANALYST CERTIFICATIONS****APPENDIX A-1**

The research analyst, who upon request wrote this report, certifies that the views expressed in this research report, accurately reflects his personal view about the subject company. The analyst also certifies that he does not own or have any beneficial interest in shares of the covered company, also that no part of his compensation was, is or will be directly or indirectly related to the specific recommendation or view expressed in this report. Tri-State Capital received \$7,000 in compensation for work on the subject company from a third party.

Based on the facts that were provided, the industry trends present and sources of information used to produce this report, it is my best opinion and reflection of what the companys rating and share appreciation potential could be once research coverage is widely adopted. Investors are urged to consider this report as only a single factor in making their investment decision. Information, opinions or recommendations contained in this report or research note are submitted solely for advisory and information purposes and we also do not accept any obligation to provide updates to this report in future.

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