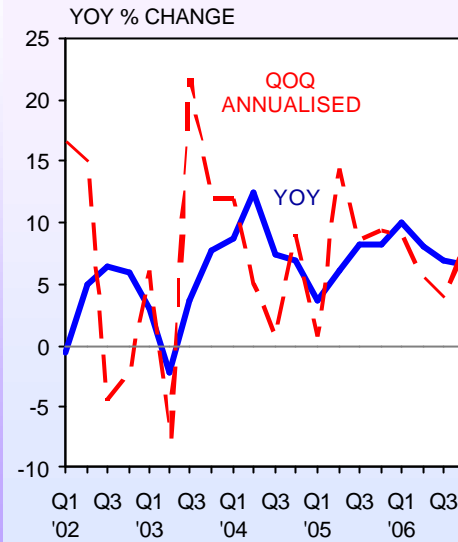


PERFORMANCE OF THE SINGAPORE ECONOMY IN 2006 AND OUTLOOK FOR 2007

Overall Performance

The Singapore economy expanded by 6.6% in 4Q06, after a 7.0% growth in 3Q06. The growth momentum (on an annualised quarter-on-quarter basis) doubled to 7.9% in 4Q06, from 3.9% in the previous quarter. This brought full-year real GDP growth to 7.9%, higher than the 6.6% growth in 2005.

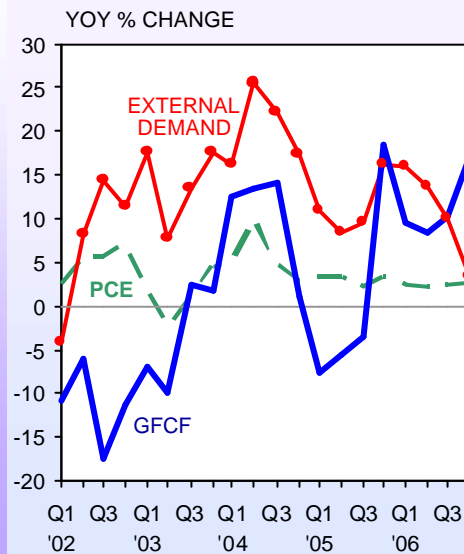
**EXHIBIT 1
REAL GDP GROWTH**



Sources of Growth

Total demand expanded by 4.5% in 4Q06, lower than the 10% gain in 3Q06. This was due to a moderation in both external and domestic demand. For the whole year, total demand grew by 9.5%, similar to the 9.6% in 2005.

**EXHIBIT 2
SOURCES OF GROWTH**



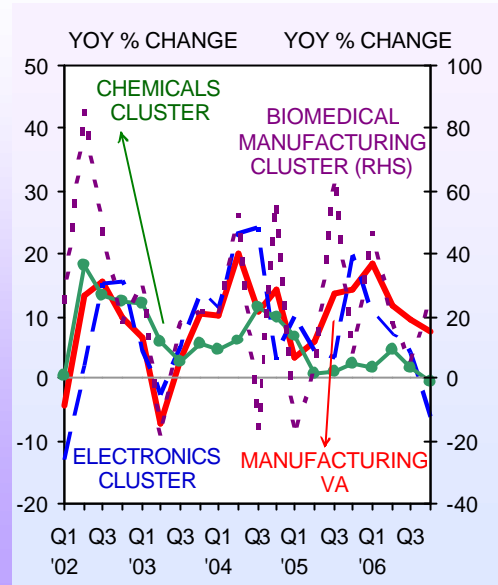
Sectoral Performance

Apart from wholesale and retail trade, all sectors experienced positive growth momentum in 4Q06. For 2006 as a whole, all sectors registered growth, led by manufacturing, wholesale & retail trade and financial services.

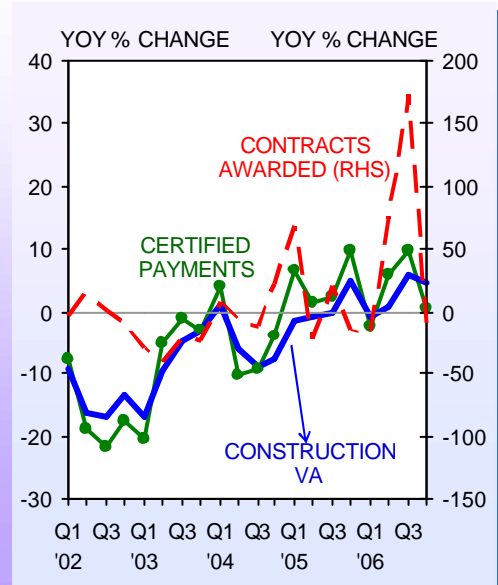
THE MANUFACTURING SECTOR grew at a more modest pace of 7.7% in 4Q06, after a 9.5% expansion in 3Q06. This was due mainly to a fall in the output of the electronics and chemicals clusters, and slower growth in the precision engineering cluster. Growth in the transport engineering cluster eased but remained strong. Meanwhile, the biomedical manufacturing cluster accelerated from a growth of 4.7% in 3Q06 to 27% in 4Q06. For the whole year, the manufacturing sector grew by 12%, up from 9.5% in 2005, supported by stronger performances in the transport engineering, biomedical manufacturing and precision engineering clusters.

THE CONSTRUCTION SECTOR continued to expand by 4.7%, following 5.8% in 3Q06. Growth momentum on a seasonally adjusted quarter-on-quarter basis remained strong at 12%. Certified payments grew by a mild 0.7%, down from 9.8% in 3Q06. Contracts awarded shrank 8.0% in 4Q06 after a spike in growth in the previous quarter. For the year, the sector grew by 2.7%, up from 0.7% in 2005.

**EXHIBIT 3
MANUFACTURING SECTOR**

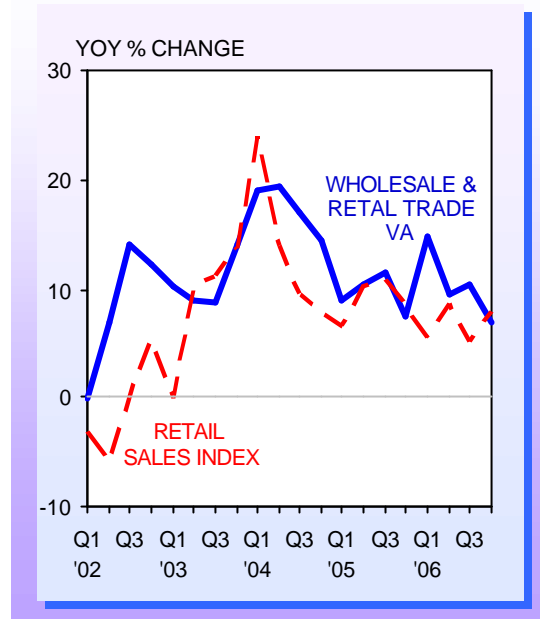


**EXHIBIT 4
CONSTRUCTION SECTOR**



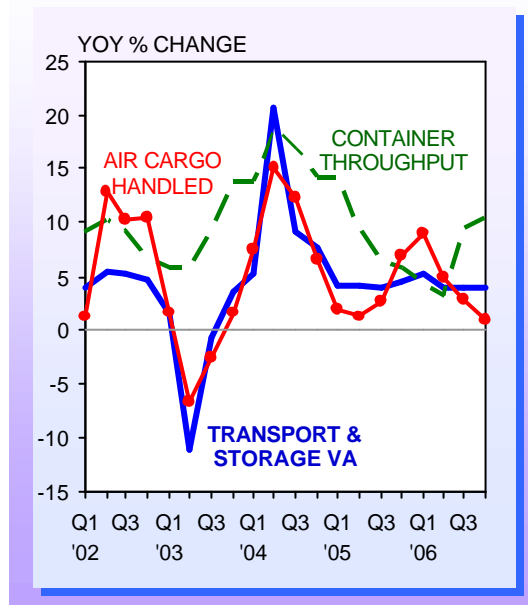
THE WHOLESALE AND RETAIL TRADE SECTOR expanded 6.9% in 4Q06, but its growth momentum was down by 3.5%. The wholesale segment moderated, with growth of non-oil re-exports halved from 13% in 3Q06 to 6.3% in 4Q06. Performance of the retail segment improved further as retail sales went up 7.9% in 4Q06, compared to 5.2% in the previous quarter. Over 2006, the wholesale and retail sector expanded strongly by 10%, up from 9.6% in 2005.

EXHIBIT 5 WHOLESALE AND RETAIL TRADE SECTOR



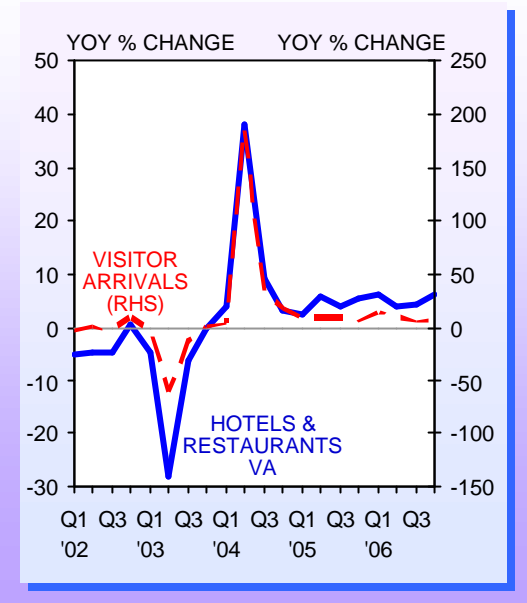
THE TRANSPORT AND STORAGE SECTOR grew 4.0% in 4Q06, similar to that in the previous quarter. Within the sector, the air transport segment turned in better performance while the water transport segment moderated. Slower growth was seen in both sea cargo and air cargo handled. Meanwhile, growth in air passengers handled and container throughput improved compared to 3Q06. Overall, the transport and storage sector expanded 4.3% in 2006, similar to the 4.2% in 2005.

EXHIBIT 6 TRANSPORT AND STORAGE SECTOR



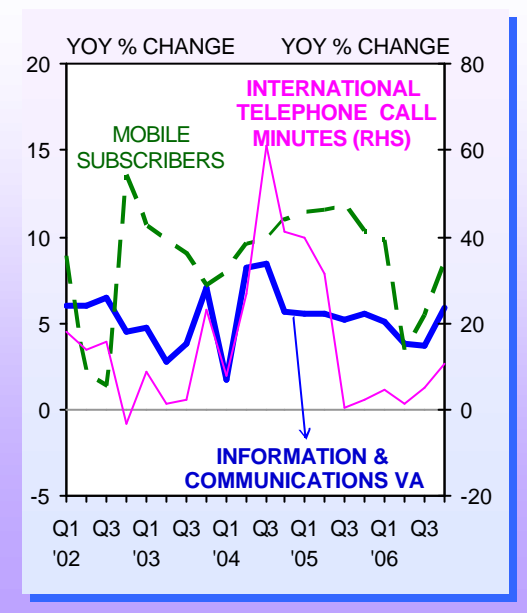
THE HOTELS AND RESTAURANTS SECTOR continued to strengthen in 4Q06 with a 6.1% gain following a 4.4% growth in 3Q06. Visitor arrivals rose 8.4% compared with 4.5% in the previous quarter. This helped to raise the average occupancy rate of hotels to 88% in 4Q06, compared to 85% a year earlier. Hotel room revenues went up 12% after a 28% increase in 3Q06. For the year as a whole, the sector grew by 5.1%, up from 4.3% in 2005, on the back of a record 9.7 million visitor arrivals.

EXHIBIT 7 HOTELS AND RESTAURANTS SECTOR



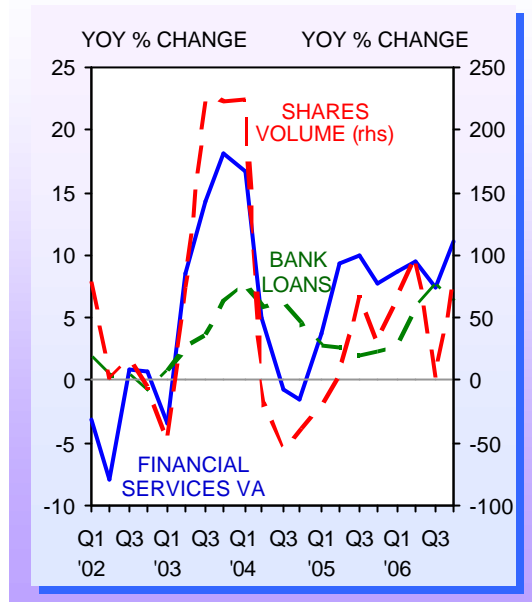
THE INFORMATION AND COMMUNICATIONS SECTOR registered a better performance in 4Q06 with a growth of 6.0%, following a 3.6% gain in 3Q06. The number of broadband subscribers continued to register double-digit growth in the quarter. International telephone call duration and the number of mobile phone subscribers grew at a faster pace compared to the previous quarter. The sector expanded by 4.6% during the year, compared to 5.5% in 2005.

EXHIBIT 8 INFORMATION AND COMMUNICATIONS SECTOR



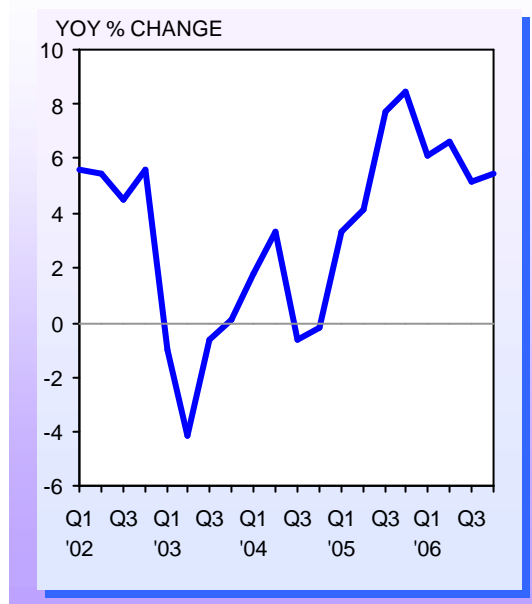
THE FINANCIAL SERVICES SECTOR expanded by 11% in 4Q06, after growing by 7.4% a quarter earlier. The expansion was broad-based across most segments. In particular, the stock trading segment enjoyed a sharp increase in activity during the quarter. Fund management, Asian currency units, and forex segments also registered strong growth in 4Q06. The strong performance in the final quarter brought the sector's full-year growth to 9.2%, higher than the 7.6% gain in 2005.

**EXHIBIT 9
FINANCIAL SERVICES SECTOR**



THE BUSINESS SERVICES SECTOR rose by 5.4% in 4Q06, following a 5.1% gain in the previous quarter. The expansion in the sector was driven by activities in the consultancy, architectural & engineering and business representative offices as well as real estate segment. For the year as a whole, the business services sector grew by 5.8%, similar to the 5.9% growth achieved in 2005.

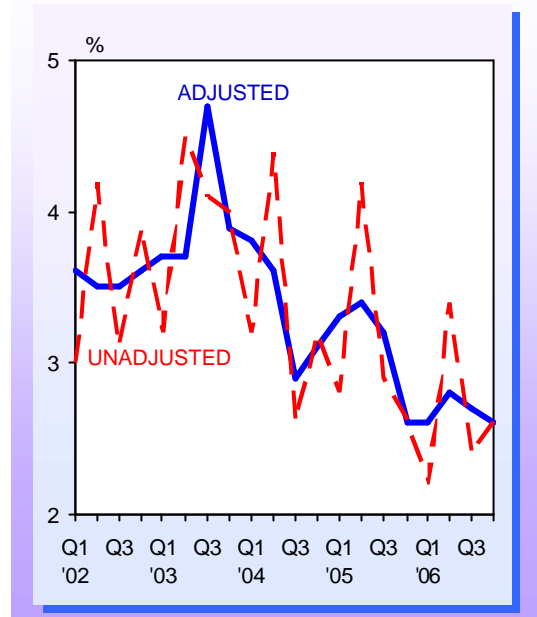
**EXHIBIT 10
BUSINESS SERVICES SECTOR**



Labour Market

Total employment grew strongly by 48,800 in 4Q06, higher than the 43,000 in 3Q06. The bulk of the gains continued to come from services (32,300) while manufacturing and construction also posted increases in employment. During the quarter, 3,000 workers were laid off, higher than the 2,435 retrenched in 3Q06. Seasonally-adjusted unemployment rate fell slightly from 2.7% in September 2006 to 2.6% in December 2006. Over the year, total employment creation reached an all-time high of 173,300, surpassing 113,300 in the previous year.

**EXHIBIT 11
UNEMPLOYMENT RATE**



Labour Productivity

Labour productivity in 4Q06 declined by 0.7% as employment gains outpaced GDP growth. At the sectoral level, business services saw the largest drop in productivity levels (-5.1%), followed by construction (-3.3%), information and communications (-3.0%), hotels and restaurants (-2.4%) and manufacturing (-0.7%) sectors. On the other hand, the other sectors registered positive growth in productivity, viz, wholesale and retail trade (1.8%), financial services (1.6%) and transport and storage (0.5%). For 2006, productivity growth slowed from 2.1% in 2005 to 1.2% in 2006.

**EXHIBIT 12
LABOUR PRODUCTIVITY**



Business Costs

Unit labour Cost (ULC) of the overall economy increased by a marginal 0.1% in 4Q06, following a 1.5% increase in 3Q06. For the whole of 2006, ULC was down by 0.5%, a smaller decline compared to the previous year. Unit business cost (UBC) in the manufacturing sector went up by 2.4% in 4Q06. Over 2006, UBC rose by 0.6%, after remaining flat a year earlier. The 3.6% fall in manufacturing ULC was offset by the increases in services costs (mainly utilities and rental) and government rates & fees (mainly property prices).

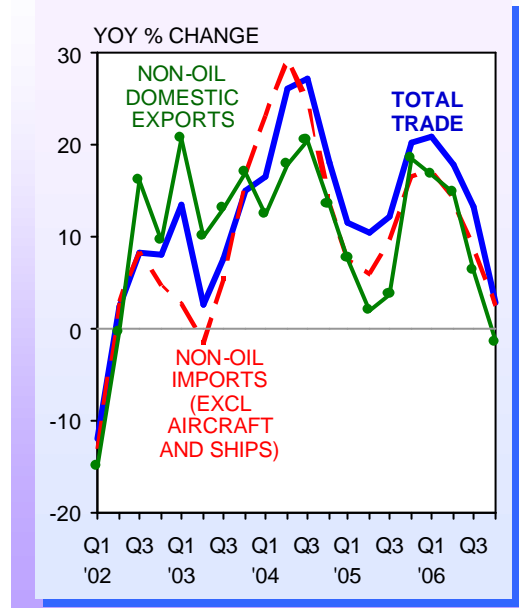
EXHIBIT 13 UNIT BUSINESS COST & UNIT LABOUR COST



External Trade

Singapore's external trade expanded by 3.0% in 4Q06, down from the 13% in 3Q06. Growth of total exports slowed to 2.0% after a 12% increase a quarter earlier, as both oil and non-oil domestic exports (NODX) declined while growth of re-exports moderated. Non-oil imports (excluding aircraft and ships) rose 2.6%, after posting 8.5% growth in 3Q06. In volume terms, total trade increased by 5.2%, compared to 11% in the previous quarter. Over 2006, external trade expanded by 13% while NODX growth edged up to 8.5% from 8.2% in 2005.

EXHIBIT 14 EXTERNAL TRADE

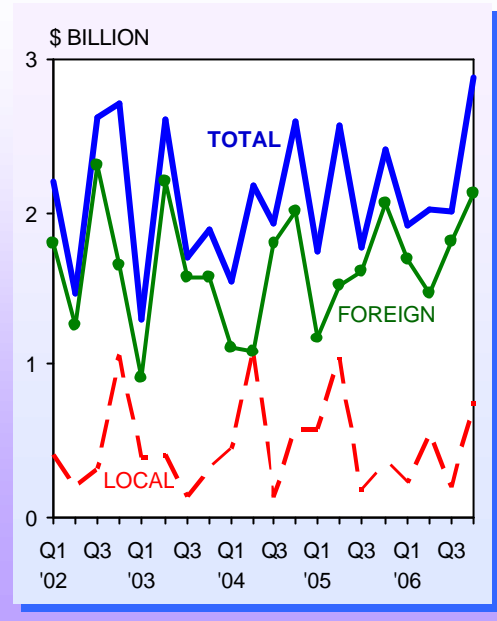


Prior to 2004, data excludes trade with Indonesia.

Investment Commitments

In 4Q06, manufacturing investment commitments totalled \$2.9 billion in terms of fixed assets. This brought total manufacturing investment commitments for the whole year to \$8.8 billion, a 3.8% increase over the previous year. When fully operational, these commitments would generate a value added of almost \$7 billion per annum and create 16,200 jobs, of which 56% would be for skilled workers. Total business spending commitments in services promoted by EDB amounted to \$714 million in 4Q06. For the whole of 2006, commitments in these services industries were \$2.8 billion, up from \$2.5 billion a year earlier. When fully realised, these commitments would generate a value added of \$6.5 billion per annum and create 10,600 jobs. 77% of these jobs would be for skilled workers.

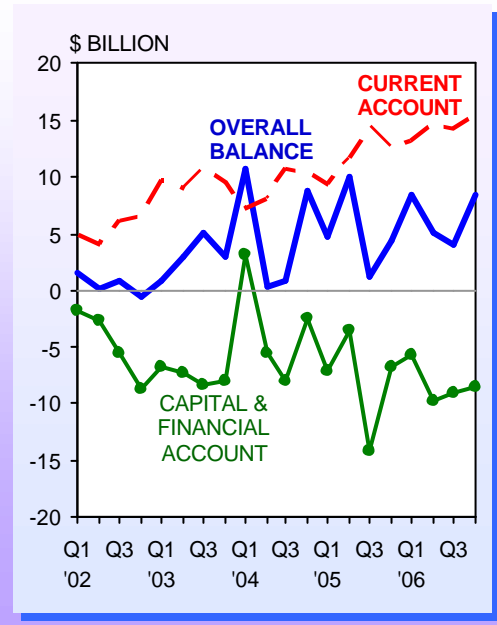
EXHIBIT 15 MANUFACTURING INVESTMENT COMMITMENTS



Balance of Payments

Singapore's overall balance of payments registered a larger surplus of \$8.5 billion in 4Q06 compared with \$4.0 billion in the previous quarter. This brought the overall balance of payments for the whole of 2006 to \$26 billion, compared to \$20 billion in 2005. This largely reflected the larger current account surplus which offset the capital and financial account outflow during the year. Consequently, Singapore's official foreign reserves rose to \$211 billion as at end-2006.

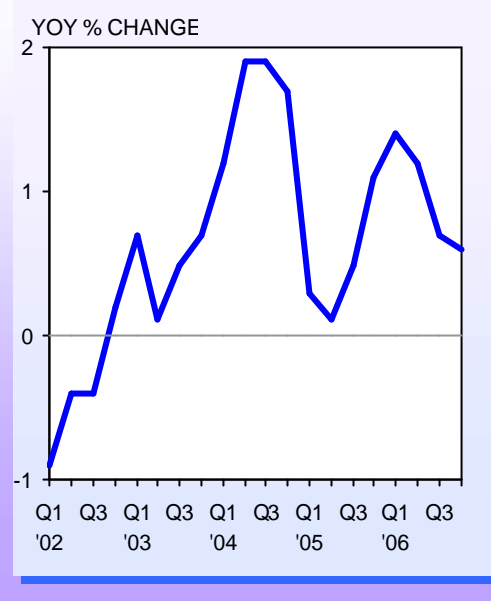
EXHIBIT 16 BALANCE OF PAYMENTS



Consumer Price Inflation

The CPI rose by 0.6% year-on-year in 4Q06, compared to 0.7% in 3Q06. The categories which saw the largest increase were food (1.6%) and education & stationery (1.5%), and housing (1.3%). However, prices of clothing & footwear dipped slightly (-0.2%) while costs of transport & communications fell by 1.6%. For the whole year, consumer price inflation rose 1.0%, up from 0.5% in 2005. Among all the categories, housing cost registered the largest annual increase (2.7%), due mainly to higher electricity tariffs.

EXHIBIT 17
CONSUMER PRICE INDEX



Outlook for 2007

The global economic conditions have improved over the last few months. In the US, fears of the housing market correction spilling over to the wider economy have subsided with a pickup in housing sales. Prospects for the EU are healthy, supported by strong business confidence. In Asia, China and India are expected to see continued strong growth, while the outlook for Japan remains favourable on the back of stronger corporate profits.

Oil prices have fallen from its peak in 2006 amid weeks of mild winter weather in the US and larger than expected increases in oil inventories. In the electronics industry, the inventory correction is improving. Research house Gartner has forecast worldwide semiconductor sales to grow by a healthy 9.2% in 2007, following the 10.4% growth in 2006.

On the domestic front, forward looking indicators point towards continued growth in the next few quarters. The composite leading index recovered from a dip in the third quarter, rising to its highest level in the fourth quarter. The latest surveys of business expectations also show that firms in the manufacturing and services remain optimistic about business conditions in the next 6 months.

Although the economic outlook is generally positive, some downside risks persist. An Avian flu pandemic threat has resurfaced as a growing number of countries reported cases of infection in birds in recent weeks. Other uncertainties include the disorderly unwinding of global imbalances, terrorism and the vulnerability of oil prices to supply shocks.

Taking into account the above factors, the Ministry of Trade and Industry has revised the 2007 economic growth forecast from 4.0-6.0% to 4.5-6.5%.

EXHIBIT 18
GROSS DOMESTIC PRODUCT &
COMPOSITE LEADING INDEX (2000=100)

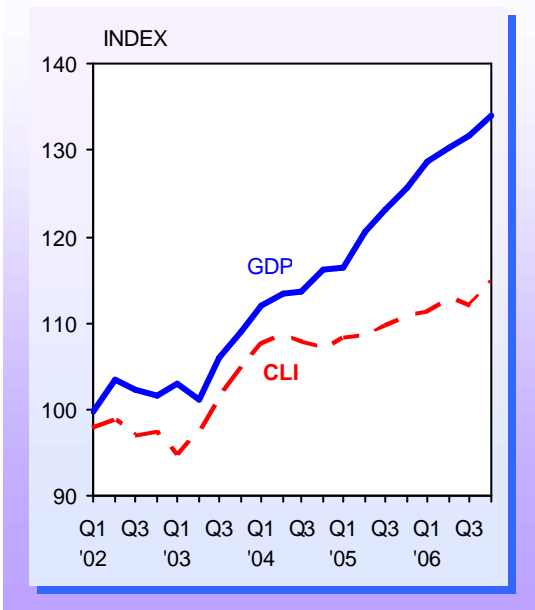
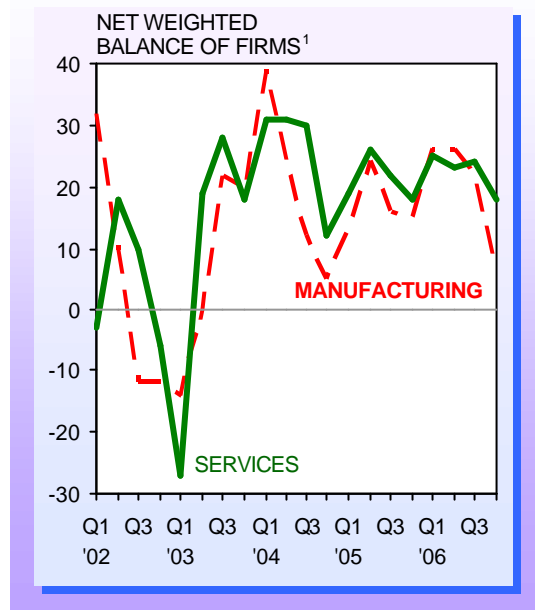


EXHIBIT 19
BUSINESS EXPECTATIONS



¹ The y-axis of the chart on business expectations represents the net weighted balance of companies that predict an improvement in business situation. This is derived from the weighted percentage of companies in the survey that predict better business minus the weighted percentage of companies that predict worse business.

Sectoral Growth Rates

Per Cent

Sector	2005	2006	1Q05	2Q05	3Q05	4Q05	1Q06	2Q06	3Q06	4Q06
Percentage Change Over Corresponding Period of Previous Year										
Total	6.6	7.9	3.7	6.1	8.2	8.3	10.1	8.0	7.0	6.6
Goods Producing Industries	8.0	10.2	2.7	4.7	11.1	12.7	15.1	10.3	8.9	7.2
<i>Manufacturing</i>	9.5	11.5	3.2	5.8	13.6	14.5	18.6	11.9	9.5	7.7
<i>Construction</i>	0.7	2.7	-1.3	-0.6	-0.1	4.9	-0.7	0.9	5.8	4.7
Services Producing Industries	6.4	7.0	4.7	6.5	7.6	6.6	8.2	6.9	6.3	6.6
<i>Wholesale & Retail Trade</i>	9.6	10.3	9.0	10.4	11.5	7.5	14.8	9.5	10.4	6.9
<i>Transport & Storage</i>	4.2	4.3	4.1	4.2	4.0	4.6	5.3	4.0	4.0	4.0
<i>Hotels & Restaurants</i>	4.3	5.1	2.4	5.9	4.0	5.0	6.2	3.8	4.4	6.1
<i>Information & Communications</i>	5.5	4.6	5.6	5.6	5.2	5.6	5.1	3.7	3.6	6.0
<i>Financial Services</i>	7.6	9.2	3.7	9.3	9.9	7.6	8.7	9.6	7.4	11.1
<i>Business Services</i>	5.9	5.8	3.3	4.1	7.7	8.5	6.1	6.6	5.1	5.4
Annualised Growth Rate – Seasonally-adjusted										
Total	6.6	7.9	0.8	14.5	8.5	9.3	9.1	5.4	3.9	7.9
Goods Producing Industries	8.0	10.2	-9.0	22.4	18.1	19.8	3.4	1.5	11.9	11.1
<i>Manufacturing</i>	9.5	11.5	-14.1	30.9	23.1	20.9	3.4	2.3	12.3	11.5
<i>Construction</i>	0.7	2.7	28.4	-14.1	-6.9	18.0	2.0	-6.9	12.5	12.2
Services Producing Industries	6.4	7.0	3.8	13.2	4.0	6.0	9.6	8.6	0.8	7.9
<i>Wholesale & Retail Trade</i>	9.6	10.3	0.3	18.8	8.2	5.9	26.2	0.8	8.2	-3.5
<i>Transport & Storage</i>	4.2	4.3	0.9	8.0	2.8	6.5	3.9	2.9	2.9	6.1
<i>Hotels & Restaurants</i>	4.3	5.1	3.5	16.4	-2.1	3.2	8.0	5.7	1.5	9.7
<i>Information & Communications</i>	5.5	4.6	-1.6	14.2	7.4	2.2	-2.0	7.4	6.8	11.6
<i>Financial Services</i>	7.6	9.2	8.9	21.0	-9.1	11.7	13.6	25.1	-16.2	28.2
<i>Business Services</i>	5.9	5.8	9.6	8.1	10.0	6.6	0.1	9.9	4.0	7.9

Source: Singapore Department of Statistics