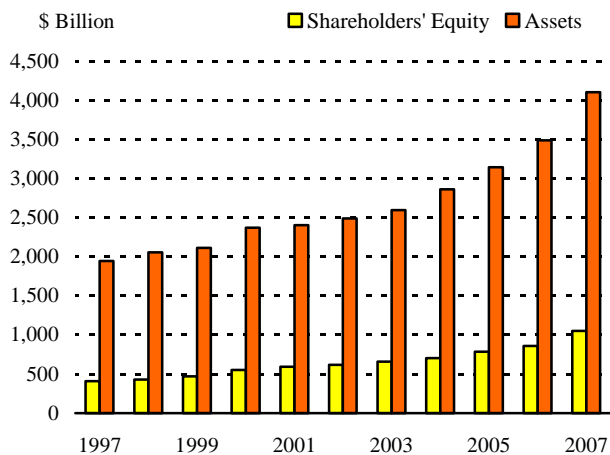


**Size and Composition of the Corporate Sector**

The size of the Singapore's corporate sector expanded in 2007. Total shareholders' equity grew significantly by 22.7 per cent to reach \$1,051.9 billion as at end of 2007. Total assets owned by the corporate sector rose by 17.8 per cent to \$4,104.9 billion as at the end of 2007 (Chart 1).

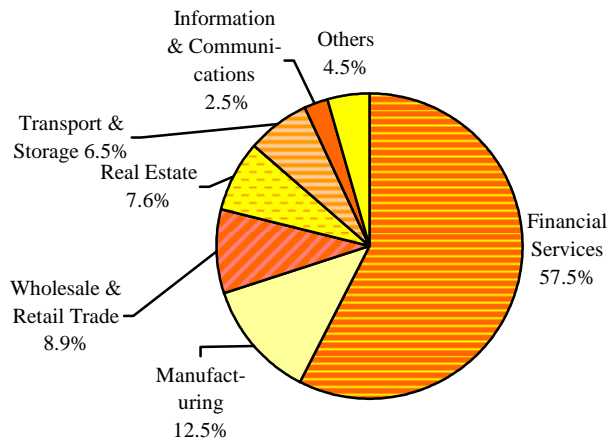
**Chart 1: Shareholders' Equity and Total Assets (As at end period)**



**Shareholders' Equity**

Some 57.5 per cent or \$604.4 billion of total shareholders' equity were contributed by the financial services sector (Chart 2). This was followed by manufacturing (12.5 per cent), wholesale & retail trade (8.9 per cent) and real estate (7.6 per cent).

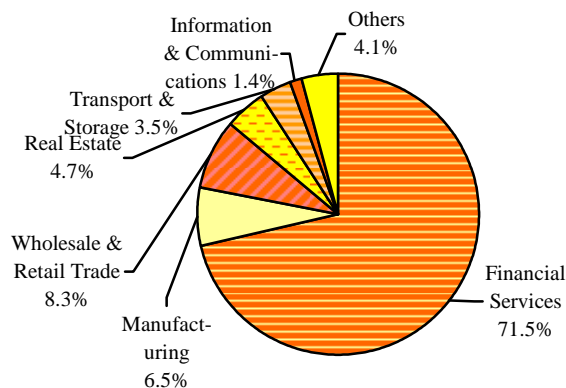
**Chart 2: Sectoral Distribution of Shareholders' Equity (As at end 2006)**



**Total Assets**

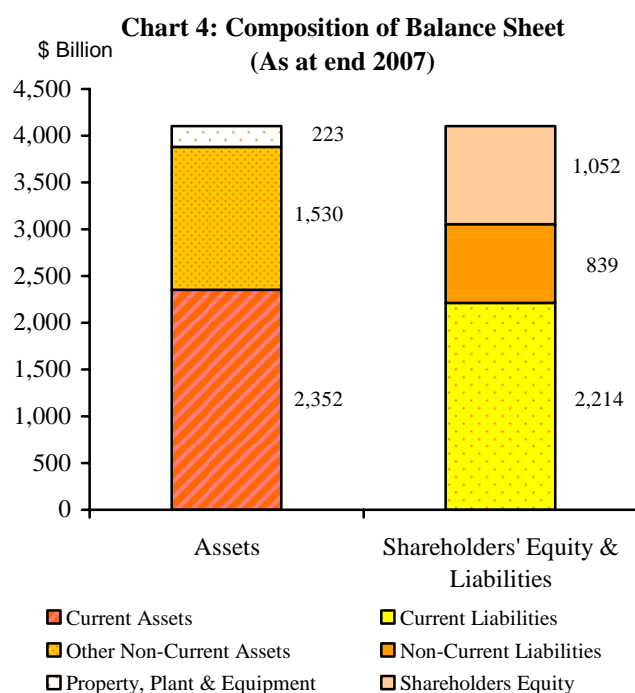
The financial services sector accounted for more than 70 per cent or \$2,933.0 billion of total assets in the corporate sector as at end of 2007 (Chart 3). Wholesale & retail trade was the second largest in terms of total assets with 8.3 per cent of total assets, followed by the manufacturing sector (6.5 per cent) and the real estate sector (4.7 per cent).

**Chart 3: Sectoral Distribution of Total Assets (As at end 2007)**



### Composition of Balance Sheet

Assets in the corporate sector can be categorised into these three main classes: current assets; property, plant & equipment and other non-current assets. As at end of 2007, some 57.3 per cent of the assets owned by companies were in the form of current assets (Chart 4). Property, plant & equipment and other non-current assets constituted 5.4 per cent and 37.3 per cent of total assets respectively.



As at end of 2007, about 25.6 per cent of capital in the corporate sector were from shareholders' equity which comprises share capital, retained earnings and other reserves.

The remaining 74.4 per cent were from external sources like non-current liabilities (20.4 per cent) and current liabilities (53.9 per cent).

### Detailed Industrial Composition

#### Financial Services

Shareholders' equity in financial services sector amounted to \$604.4 billion as at end of 2007, showing an increase of 32.5 per cent from \$456.1 billion as at end of 2006 (Table 1).

**Table 1: Shareholders' Equity in Financial Services (Stock as at end period)**

	2006 (\$ bil)	2007 (\$ bil)	Change (%)	Share in 2007 (%)
<b>Financial Services</b>	<b>456.1</b>	<b>604.4</b>	<b>32.5</b>	<b>100.0</b>
Investment Holding	371.0	507.2	36.7	83.9
Banks	55.1	60.2	9.3	10.0
Insurance Services	10.6	12.2	15.1	2.0

The bulk (83.9 per cent or \$507.2 billion) of shareholders' equity in the financial services sector were contributed by investment holding companies. Banks and insurance services accounted for 10.0 per cent (or \$60.2 billion) and 2.0 per cent (or \$12.2 billion) of equity capital invested in the financial services sector respectively.

**Table 2: Assets in Financial Services (Stock as at end period)**

	2006 (\$ bil)	2007 (\$ bil)	Change (%)	Share in 2007 (%)
<b>Financial Services</b>	<b>2,410.3</b>	<b>2,933.0</b>	<b>21.7</b>	<b>100.0</b>
Investment Holding	723.5	917.7	26.9	31.3
Banks	1,477.3	1,776.2	20.2	60.6
Insurance Services	113.8	127.8	12.3	4.4

Total assets of the financial services sector rose by 21.7 per cent to \$2,933.0 billion (Table 2). The proportion of assets which accrued to banks (60.6 per cent) was substantially higher than their corresponding share of equity capital (10.0 per cent). This was mainly due to banks holding large amount of liquid assets. In addition, there was a significant number of branches of foreign banks in Singapore which had no shareholders' equity but hold considerable liquid assets.

Investment holding companies contributed 31.3 per cent (or \$917.7 billion) of the total assets in the financial services sector while insurance services contributed 4.4 per cent.

### *Manufacturing*

Manufacturing companies recorded moderate growths in shareholders' equity and total assets in 2007. Equity capital of manufacturing companies expanded by 4.3 per cent to reach \$131.4 billion as at end of 2007 while the sector's assets rose by 2.1 per cent to \$266.5 billion (Tables 3 and 4).

**Table 3: Shareholders' Equity in Manufacturing  
(Stock as at end period)**

	2006 (\$ bil)	2007 (\$ bil)	Change (%)	Share in 2007 (%)
<b>Manufacturing</b>	<b>126.0</b>	<b>131.4</b>	<b>4.3</b>	<b>100.0</b>
Pharmaceutical Products	34.9	43.6	25.1	33.2
Electronics Products	37.3	32.0	-14.4	24.3
Petroleum Products	11.3	11.4	1.0	8.6
Chemical Products	10.6	10.5	-1.0	8.0
Machinery & Equipment	9.4	9.5	1.3	7.2
Transport Equipment	7.0	7.9	12.4	6.0

Within manufacturing, shareholders' equity was mainly concentrated in pharmaceutical (33.2 per cent or \$43.6 billion) and electronics (24.3 per cent or \$32.0 billion) industries. This was followed by petroleum (8.6 per cent or \$26.9 billion) and chemicals (8.0 per cent or \$20.5 billion) sectors.

**Table 4: Assets in Manufacturing  
(Stock as at end period)**

	2006 (\$ bil)	2007 (\$ bil)	Change (%)	Share in 2007 (%)
<b>Manufacturing</b>	<b>261.0</b>	<b>266.5</b>	<b>2.1</b>	<b>100.0</b>
Pharmaceutical Products	49.6	52.3	5.4	19.6
Electronic Products	80.5	73.4	-8.9	27.5
Petroleum Products	24.3	26.9	10.9	10.1
Chemicals Products	20.8	20.5	-1.1	7.7
Machinery & Equipment	26.5	29.4	10.7	11.0
Transport Equipment	20.1	27.1	35.0	10.2

In terms of assets, the electronics (27.5 per cent) and pharmaceutical (19.6 per cent) industries accounted for almost half of Singapore's manufacturing assets. The other manufacturing industries with significant assets were machinery & equipment (11.0 per cent), transport equipment (10.2 per cent) and petroleum products (10.1 per cent).

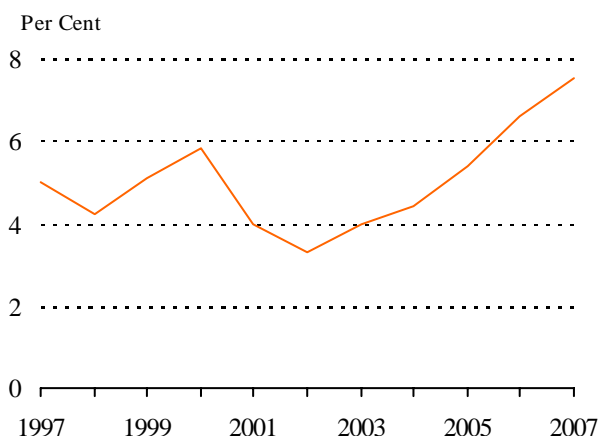
**Performance of the Corporate Sector**

**Return on Total Assets (ROA)**

The rate of return on total assets\* (ROA) examines how efficient resources are deployed by companies.

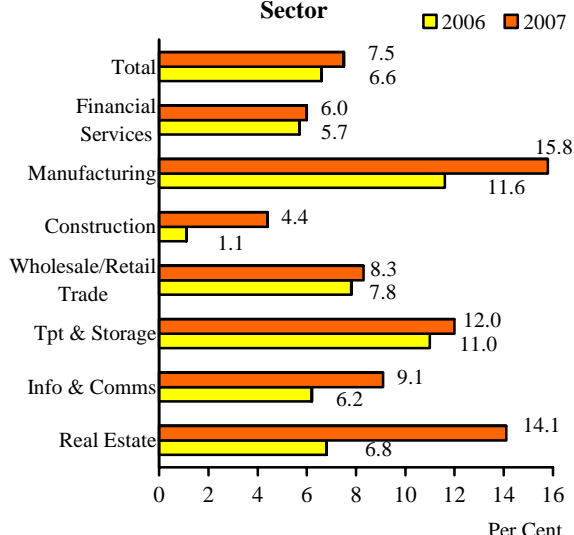
Overall, the operating efficiency of Singapore companies improved in 2007. ROA rose from 6.6 per cent in 2006 to 7.5 per cent in 2007 (Chart 5).

**Chart 5: Rate of Return on Assets**



All major sectors recorded higher ROA in 2007 (Chart 6). In particular, ROA of real estate services improved significantly from 6.8 per cent in 2006 to 14.1 per cent in 2007 while the manufacturing sector's ROA increased from 11.6 per cent to 15.8 per cent over the same period.

**Chart 6: Rate of Return on Assets by Sector**



Manufacturing (15.8 per cent) and real estate services (14.1 per cent) had the highest ROAs in 2007. These were followed by transport and storage (12.0 per cent) and information and communications (9.1 per cent).

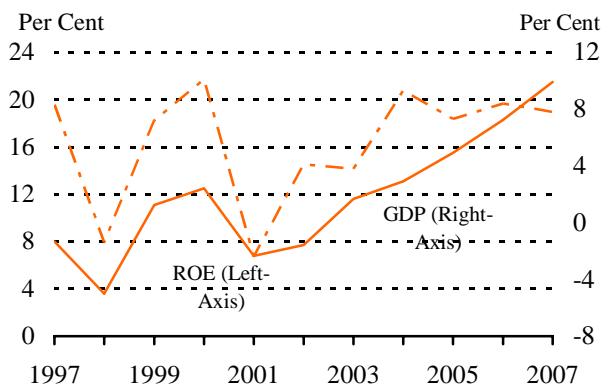
**Return on Total Equity (ROE)**

Return on Total Equity\* (ROE) measures the profitability of shareholders' investment in a company.

Singapore's corporate sector generated higher ROE on the back of robust economic growth in 2007. ROE of Singapore companies rose from 18.3 per cent in 2006 to 21.5 per cent in 2007 (Chart 7).

\*The definitions and formulae for Return on Asset (ROA) and Return on Equity (ROE) can be found in the Technical Note.

**Chart 7: Rate of Return on Equity**



All major sectors experienced higher profitability in 2007 compared to 2006. Return in financial services edged up from 16.9 per cent to 17.3 per cent in 2007 while manufacturing recorded ROE of 29.6 per cent in 2007, up from 21.6 per cent a year earlier (Chart 8).

The most profitable sectors in 2007 were real estate (34.0 per cent), manufacturing (29.6 per cent) and construction (27.2 per cent). These were followed by wholesale and retail trade (25.8 per cent) and transport and storage (23.4 per cent).

**Chart 8: Rate of Return on Equity by Sector**

