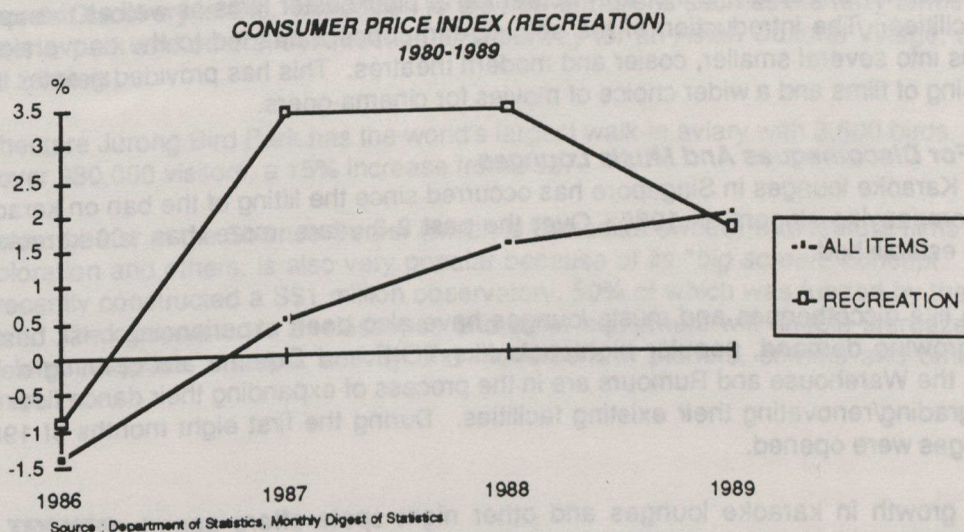


BACKGROUND ...

CURRENT SITUATION ...

Underpinned by strong demand, prices of leisure and entertainment services edged upward as indicated by an average growth of 3.4% in the Consumer Price Index from 1987-1988. During the first eight months of 1989, it further increased by 1.7%.



The general profitability level of the industry has been favorable. Total operating surplus expanded by an average of 58.3% between 1985-1986, despite the 1985 recession. Rising consumption and higher prices continued to boost profitability between 1987-1988.

Demand For Cinemas

Prior to 1987, there was a slowdown in the demand for movies as exhibited by the decline in cinema attendance. This was a result of the growing popularity of home videos. Since 1987, however, attendance has grown by 12% to 22.1 million in 1988. Likewise, the average number of movies watched per person also rose by 10.5%.

CINEMA ATTENDANCE IN SINGAPORE (1980-1988)

YEAR	ATTENDANCE ('000)	AVERAGE NO OF SHOWS WATCHED PER PERSON
1980	40,531	16.8
1981	36,469	14.9
1982	35,781	14.5
1983	30,659	12.3
1984	27,388	10.8
1985	22,702	8.9
1986	19,520	7.5
1987	19,767	7.6
1988	22,128	8.4

Source: Customs & Excise Department