



October 9, 2000

To: The Shareholders of  
Singapore Exchange Limited ("SGX")

Dear Sir/Madam

**AUDITED FINANCIALS OF THE SGX GROUP FOR FY 2000**

We are pleased to provide you with the audited Balance Sheets, Profit and Loss Accounts, Statement of Changes in Equity and Consolidated Cash Flow Statement (collectively referred to as the "Audited Financials") of Singapore Exchange Limited and its subsidiaries (the "SGX Group"). These Audited Financials will not be discussed at the Extraordinary General Meeting to be held on November 1, 2000. However, they are provided to you ahead of our Annual General Meeting ("AGM") because they will be included in the offering documents to be distributed for the Private Placement (as described in the Circular to Shareholders dated October 9, 2000).

The complete set of the SGX Group's audited financial statements together with their accompanying notes will be tabled for shareholders' approval at our AGM, which will be held later this year. In the meantime, should you require a complete set, please contact our share registrar, Lim Associates (Pte) Ltd at tel: 230-9526 or email david.woo@la.com.sg.

Should you have enquiries, please do not hesitate to contact Raymond Chow of SGX at tel: 236-8135 or email raymond\_\_chow@sgx.com.

Yours faithfully

For and on behalf of  
the Board of Directors

Mr Joseph Yuvaraj Pillay  
Chairman  
Singapore Exchange Limited

**SINGAPORE EXCHANGE LIMITED  
AND ITS SUBSIDIARIES**

**AUDITED BALANCE SHEETS**

*As at 30 June 2000*

	<u>The Group</u>	<u>The Company</u>
	<u>\$'000</u>	<u>\$'000</u>
<b>Current assets</b>		
Investments . . . . .	37,035	32,505
Security deposits of derivatives clearing members . . . . .	23,096	—
Securities clearing funds . . . . .	33,473	—
Trade receivables . . . . .	342,218	395
Amounts due from subsidiaries—trade . . . . .	—	8,728
Margin funds and settlement variation relating to derivatives contracts . . . . .	2,400,006	—
Other debtors . . . . .	31,904	24,710
Cash and cash equivalents . . . . .	601,375	363,365
	<u>3,469,107</u>	<u>429,703</u>
<b>Non-current assets</b>		
Fixed assets . . . . .	62,065	35,160
Properties under development . . . . .	90,883	—
Investment in subsidiaries . . . . .	—	323,340
Club memberships . . . . .	728	528
	<u>153,676</u>	<u>359,028</u>
Net assets of securities and derivatives fidelity funds . . . . .	50,037	—
<b>Total assets</b> . . . . .	<u>3,672,820</u>	<u>788,731</u>
<b>Current liabilities</b>		
Due to fidelity funds . . . . .	5,395	—
Trade creditors . . . . .	323,940	—
Other creditors . . . . .	23,422	6,130
Amounts due to subsidiaries—non-trade . . . . .	—	16,698
Security deposits received from derivatives clearing members . . . . .	23,096	—
Securities clearing members' contributions to clearing funds . . . . .	8,473	—
Margin funds and settlement variation relating to derivatives contracts . . . . .	2,400,006	—
Taxation . . . . .	37,541	2,034
	<u>2,821,873</u>	<u>24,862</u>
<b>Non-current liability</b>		
Deferred tax . . . . .	3,552	—
<b>Total liabilities</b> . . . . .	<u>2,825,425</u>	<u>24,862</u>
<b>Net assets</b> . . . . .	<u>847,395</u>	<u>763,869</u>
<b>Equity</b>		
Share capital . . . . .	62	62
Reserves . . . . .	797,296	763,807
	<u>797,358</u>	<u>763,869</u>
<b>Securities and derivatives fidelity funds</b>		
Accumulated funds . . . . .	50,037	—
	<u>847,395</u>	<u>763,869</u>

**SINGAPORE EXCHANGE LIMITED  
AND ITS SUBSIDIARIES**

**AUDITED PROFIT AND LOSS ACCOUNTS**

*For the financial period from 21 August 1999, date of incorporation, to 30 June 2000*

	The Group \$'000	The Company \$'000
<b>Operating revenue</b>		
Management fees from subsidiaries . . . . .	—	34,267
Gross dividend income from subsidiaries . . . . .	—	610,500
Clearing fees (net of rebates) . . . . .	78,474	—
Rental of computer terminals . . . . .	15,648	—
Account maintenance and processing fees . . . . .	23,828	—
Listing and membership fees . . . . .	8,355	—
Price information fees . . . . .	4,098	—
Other operating revenue . . . . .	5,742	246
<b>Total operating revenue</b> . . . . .	<u>136,145</u>	<u>645,013</u>
<b>Operating expenses</b>		
Staff costs . . . . .	28,502	18,588
Occupancy costs . . . . .	6,226	3,559
Depreciation . . . . .	12,124	4,317
Equipment maintenance and rental . . . . .	7,865	4,153
Other operating expenses . . . . .	9,414	2,672
<b>Total operating expenses</b> . . . . .	<u>64,131</u>	<u>33,289</u>
<b>Profit from operating activities</b> . . . . .	72,014	611,724
<b>Non-operating income/(expense)</b>		
Interest income . . . . .	10,337	6,331
Other non-operating income . . . . .	71	340
Other non-operating expense . . . . .	(99)	(5,155)
<b>Net non-operating income</b> . . . . .	<u>10,309</u>	<u>1,516</u>
<b>Profit before tax</b> . . . . .	82,323	613,240
Tax . . . . .	(20,098)	(157,711)
<b>Profit after tax</b> . . . . .	62,225	455,529
Contribution to fidelity funds . . . . .	(4,150)	—
<b>Profit after tax and contribution to fidelity funds</b> . . . . .	<u>58,075</u>	<u>455,529</u>
<b>Earnings per share</b> . . . . .		
— basic (\$) — before deduction of contribution to fidelity funds . . . . .	1,009	
— after deduction of contribution to fidelity funds . . . . .	942	
— diluted (\$) — before deduction of contribution to fidelity funds . . . . .	1,006	
— after deduction of contribution to fidelity funds . . . . .	<u>939</u>	

**SINGAPORE EXCHANGE LIMITED  
AND ITS SUBSIDIARIES**

**AUDITED STATEMENT OF CHANGES IN EQUITY**

*For the financial period from 21 August 1999, date of incorporation, to 30 June 2000*

*The Group*

	Share capital	Share premium	General reserve	Clearing fund reserve*	Translation reserve*	Retained profit	Total
	\$'000	\$'000	\$'000 [Note 12(b)]	\$'000 [Note 5 & 12(b)]	\$'000	\$'000	\$'000
Issue of share capital . . . . .	62	308,278					308,340
Net profit for the period after tax and contribution to fidelity funds . . . . .						58,075	58,075
Foreign currency translation differences . . . . .					17		17
Transfer from general reserve . . . . .			(1,604)			1,604	—
General reserve on acquisition of subsidiaries pursuant to the Exchanges (Demutualisation and Merger) Act 1999 . . . . .			401,926				401,926
Clearing fund reserve on acquisition of subsidiary . . . . .				25,000			25,000
General reserve on reduction of issued share capital of subsidiary . .			4,000				4,000
<b>Balance at 30 June 2000 . . . . .</b>	<b>62</b>	<b>308,278</b>	<b>404,322</b>	<b>25,000</b>	<b>17</b>	<b>59,679</b>	<b>797,358</b>

\* —Non-distributable reserves

*The Company*

	Share capital	Share premium	Retained profit	Total
	\$'000	\$'000	\$'000	\$'000
Net profit for the financial period . . . . .			455,529	455,529
Issue of share capital . . . . .	62	308,278		308,340
<b>Balance at 30 June 2000 . . . . .</b>	<b>62</b>	<b>308,278</b>	<b>455,529</b>	<b>763,869</b>

**SINGAPORE EXCHANGE LIMITED  
AND ITS SUBSIDIARIES**

**AUDITED CONSOLIDATED CASH FLOW STATEMENT**

*For the financial period from 21 August 1999, date of incorporation, to 30 June 2000*

	\$'000
<b>Cash flows from operating activities</b>	
Profit before tax . . . . .	82,323
Adjustments for:	
Depreciation . . . . .	12,124
Net loss on revaluation of investments . . . . .	343
Interest income . . . . .	(10,337)
Net gain on disposal of fixed assets . . . . .	(41)
Operating cash flow before working capital change . . . . .	84,412
Change in operating assets and liabilities, net of effects from purchase of controlled entities	
Trade and other receivables . . . . .	199,557
Trade and other payables . . . . .	(207,068)
Cash generated from operations . . . . .	76,901
Income tax paid . . . . .	(18,205)
<b>Net cash from operating activities</b> . . . . .	<u>58,696</u>
<b>Cash flows from investing activities</b>	
Payments for properties under development . . . . .	(25,130)
Payments for fixed assets . . . . .	(6,743)
Payments for club membership . . . . .	(225)
Interest received . . . . .	10,337
Receipt from sale of investment . . . . .	4,000
Receipts from disposal of fixed assets . . . . .	86
<b>Net cash from investing activities</b> . . . . .	<u>(17,675)</u>
<b>Net increase in cash held</b> . . . . .	41,021
Cash acquired on acquisition of subsidiaries . . . . .	560,337
Effects of exchange rate changes on cash . . . . .	17
<b>Cash at the end of the financial period</b> . . . . .	<u><u>601,375</u></u>