



Singapore Exchange Limited

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Mission

Statement **SGX** is in the business of providing a sound infrastructure for Singaporean and global companies to raise capital, and for investors to transact and clear financial products.

Board of Directors



Thomas Kloet
Chief Executive Officer
Singapore Exchange Limited

Richard Gnodde
President & Managing Director
Goldman Sachs (Asia) L.L.C

Robert Stein
Chief Executive Officer Asia
Deutsche Bank AG Asia Pacific Head Office

Goh Yew Lin
Executive Director
G K Goh Stockbrokers Pte Ltd



Victor Liew
Chairman
OUB Bullion & Futures Ltd

J Y Pillay
Chairman
Singapore Exchange Limited

George Teo
Executive Chairman
J M Sassoon & Co Ltd

Ho Tian Yee
Director
Pacific Asset Management (S) Pte Ltd

Ho Tian Yee
Director
Tokyo-Mitsubishi International (S) Ltd

Hidetoshi Mine
Managing Director

Low Cheek Kian
Managing Director
Merrill Lynch (S) Pte Ltd

Wong Ngit Liong
Managing Director
Venture Manufacturing (S) Ltd



J Y Pillay
Chairman
Singapore Exchange Limited

Chairman's

Statement

This is the first annual report of Singapore Exchange (SGX) covering the seven-month period from 1 December 1999 to 30 June 2000.



1

Launch of SGX

SGX was launched after a gestation period of a year. In October 1998, the Committee on the Governance of Exchanges (CGE) consisting of representatives from the private and public sectors, submitted its report. It recommended the demutualisation of the two legacy exchanges - the Stock Exchange of Singapore (SES) and the Singapore International Monetary Exchange (SIMEX) - simultaneously with their merger. The recommendations were accepted by the authorities, and announced by Deputy Prime Minister Lee Hsien Loong in a speech delivered on 4 November 1998.

The object was to develop a vibrant, integrated marketplace for securities and derivatives that would be attractive to market participants in Singapore and elsewhere. The instrument was a demutualised institution that would be driven by the incentive to develop the markets vigorously, and serve a wide range of constituencies. That drive, in turn, together with a soundly regulated industry and marketplace, would boost the fortunes of SGX itself.

During the eventful year of 1999, the staff of the exchanges and the Monetary Authority of Singapore (MAS) worked feverishly and effectively, with the aid of a plethora of consultants and advisors, and delivered a smooth cutover to SGX on 1 December 1999.

1 Inauguration of SGX on 1 December 1999

[from left:- Mr Ang Swee Tian, SGX President; Mr J Y Pillay, SGX Chairman; BG (NS) Lee Hsien Loong, Deputy Prime Minister of Singapore; and Mr Lim Choo Peng, then SGX President.]

An industry in ferment

So, the opening phase of the beginning stage of the evolution of SGX was benign. Now the difficult task arises of converting the aspirations expressed in the CGE report into reality. My colleagues on the board, the management of the exchange, as well as the brokerages, are aware of the dimensions of the work before us.

The entire industry, worldwide, is in the midst of unprecedented change and turmoil, brought about by powerful forces that we are trying to comprehend. Those forces are unleashed by unremitting surges of capital across the globe; by the speed, power, and low cost of communications; and by the drive to open up exchanges and the markets they serve.

Hardly a day passes without the announcement of imminent structural change somewhere in the industry. The demutualisation process in exchanges continues, if fitfully. Exchanges are actively engaged in talks on mergers, alliances, and joint ventures. Occasionally, initiatives sputter and fail to reach fruition. That continuing story is a measure of the uncertainties surrounding the industry, and the context in which SGX has to work out its destiny.

Our mission is to create a sound, efficient and dynamic marketplace for the raising of capital and the trading and clearing of financial instruments. In time to come, we may trade other instruments as well. In outlook, we are open and competitive, in keeping with the time-honoured traditions of Singapore. We seek to reach out to all - in Singapore, in the region and the world - to develop the market here, and to expand opportunities internationally. In everything we do, we hope to offer the highest standards of service, excellence and integrity.

It is through our actions that we shall be characterised and our reputation established. Then we shall not only survive, but prosper, in the context of a vibrant marketplace and a vigorous supporting industry.

Our strategies encompass an array of specific, but interlinked, initiatives. There is no secret formula permeating them. The test of success lies in our skill in prioritising them, and in the vigour with which we pursue them. That skill, in turn, rests on our ability to harness the collective will and competences of our staff - and the support of the constituencies we serve.

Our people

The starting point for achieving the tectonic shift in our mission, objectives and strategies is to lay the foundations for a cohesive team of motivated employees. At the time of merger, some redundancies were identified. Through training and redeployment, we avoided retrenchments. Integration was not intended as an exercise in cost-cutting through consolidation. The emphasis was expansion. We retained all 680 of the staff of our forebears. Our staff strength is now 730, and we intend to move up to 870 by the end of the financial year.

The increase in workload, as well as the demands of a commercial, for-profit company, justify that rate of expansion. To fill urgent vacancies, we have to recruit direct from the market. At the same time, we are taking in promising youngsters from the universities, to inject much-needed high-calibre talent for the future. The third prong is to endeavour to retain our serving staff through enlightened policies on compensation and training, as well as the provision of interesting and diverse work opportunities.

After a global search, SGX recruited its CEO, Thomas Kloet, in April 2000. We still have a couple of high-level positions to be filled. By the end of 2000, the entire top-management team should be fully in place.

Offer of shares

In the light of our aspirations, it is logical to seek a listing of SGX on our own board. A listing will confirm our commitment to run the exchange on a commercial basis, providing a high-calibre service to the securities and derivatives markets of Singapore, the region, and the world. A listing also facilitates the forging of alliances with other exchanges around the world, as well as with entities in related industries such as information technology.

The process will start with a private placement of our shares followed by a public offering of our shares in Singapore, which is expected to be completed by the end of 2000.

Financial performance

SGX achieved a respectable profit of S\$82 million, before tax, in the seven months of the financial year, from December 1999 to June 2000. That profit was in line with expectations.

In the current year, our expenditure is expected to rise with the increase in staff numbers and higher rates of compensation, largely tied to the performance of the company and the individual; by heavy investment in information technology; and by substantial expenditure on the cooperative ventures that we are forging with exchanges around the world.

Acknowledgements

I am grateful to my fellow-directors on the board for their competence, expertise, and enthusiasm. They are aware of the unique nature of the challenges before us, and are generous with their time and advice. The future of SGX will depend to a large measure on their judgements and decisions.

Our management and staff have worked diligently in the lead-up to the merger, and thereafter. They will respond suitably to inspired leadership. On behalf of the board, I thank them for their contributions.

I am likewise grateful to the brokerage industry here, which has accepted the imperatives of globalisation, deregulation and open access. There is an array of constituencies that we serve. We would like to thank all of them for their cooperation and business. SGX looks forward to the 21st century with confidence, while avoiding complacency.



J Y Pillay
25 September 2000



Thomas Kloet
Chief Executive Officer
Singapore Exchange Limited

CEO's

Message

In April 2000, I had the honour and privilege of being named as the first CEO of the Singapore Exchange. As I look at the progress of SGX to date, I am very proud of all that has been accomplished by my fellow board members and colleagues among the staff of SGX.

Over the past seven months, SGX has begun to take shape against the backdrop of unprecedented change in the global marketplace. Economic, technological and regulatory changes have created a global economy faster than anyone could have imagined. The acceptance of the internet and other new forms of e-commerce has forced traditional exchanges to revisit their structures and business models to enable them to harness technology to meet the changing needs of the local and global investor. With the intent of participating in this global marketplace, SGX has taken a number of initiatives designed to create new opportunities at home and abroad, while at the same time enhancing our marketplace's appeal.

Forming and strengthening alliance relationships



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Recognising the positive effects of exchange networks, and leveraging on our strengths in Asia, SGX has played a pro-active role in forging significant strategic alliances. On the securities front, we have formalised an agreement with the Australian Stock Exchange (ASX) to create a cross-trading link for selected Singaporean and Australian listed equities. This linkage, which will give our listed companies seamless access to the Australian investor community, will also give our securities market members and our market participants a whole array of exciting new equities. Last spring, SGX signed a Memorandum of Understanding (MOU) with the Tokyo Stock Exchange (TSE) for general cooperation, which will contribute to the development and efficient operation of the two markets, as well as to investor protection.

In May, we announced a joint venture with the American Stock Exchange (Amex) to offer a series of exchange traded funds (ETFs) to investors across Asia. In partnering with Amex, we have teamed up with a global leader for these products, which are among the most exciting new products in global equities. With this move, SGX will bring yet another innovative product to investors in the region.

- 1 Signing of the agreement between SGX and ASX in Canberra, 6 June 2000
[clockwise from top left:- H.E. Mr Low Choon Ming, High Commissioner for Singapore in Canberra; BG (NS) Lee Hsien Loong, Deputy Prime Minister of Singapore; The Hon. Peter Costello MP, Australian Treasurer; H.E. Mr Murray McLean OAM, High Commissioner for Australian in Singapore; Mr Maurice Newman AM, ASX Chairman; and Mr Thomas Kloet, SGX CEO].
- 2 Signing of the agreement between SGX and Amex on 1 June 2000
[from left:- Mr Lawrence G. Larkin, Senior Vice President, Amex; Mr Salvatore F. Sodano, Amex Chairman & CEO; Mr Thomas Kloet, SGX CEO; and Mr Ang Swee Tian, SGX President].



As for our derivatives market, it is no newcomer to alliances, having been a partner with the Chicago Mercantile Exchange (CME) in a mutual offset arrangement since 1984. Our relationship has been expanded by the GLOBEX® Alliance, which now includes six exchanges: Singapore Exchange Limited (SGX), Chicago Mercantile Exchange (CME), ParisBourse^{SBFSA}, Bolsa Mercadorias & Futuros of Brazil, Montreal Exchange, and Spain's MEFF (The Spanish Futures and Options Exchange). We expect that the alliance will bring electronic interconnectivity between markets by the first quarter of next year.

3 Joining hands in the GLOBEX® Alliance

[clockwise from left:- Mr Jean-Francois Theodore, ParisBourse^{SBFSA} Chairman; Mr Thomas Kloet, SGX CEO; Mr Josep Basanez, MEFF Chairman; Mr Scott Gordon, CME Chairman; Mr Manoel Felix Cintra, BM&F Chairman; and Mr Jacques Nadeau, Montreal Exchange Chairman].

Innovating constantly

Our product work was not limited to alliance relationships. In our first seven months, we continued to add new domestic products, fine-tune existing products and enhance some market operations to better service the needs of our customers.

In March, we shortened the securities settlement period from 5 to 3 business days, while special share buy-back counters were introduced in June. In July, investors were given an efficient and round-the-clock means of portfolio tracking and investment planning with the Central Depository (Pte) Ltd e-mail service. This was followed in August by the introduction of pre-open and pre-close routines, which increase efficiency, enhance market integrity and extend accessible hours for investors.

Our derivatives market further broadened its range of Asian stock index products with the addition of the Straits Times Index futures in June. We also improved liquidity in our 3-month Singapore Dollar Interest Rate futures contract by arranging a group of 15 leading local and foreign banks to act as market makers. We improved access to our market by making our electronic trading platform available through Bloomberg terminals around the world.

To attract greater global participation, we further opened access to our markets. In July, we opened up membership to our securities market, and allowed a single entity to be a member of both the securities and derivatives markets. We are also working with the Monetary Authority of Singapore to create a risk-based capital system for the domestic industry. Together, those measures will enable our members to streamline their operations, reduce cost and achieve greater efficiency.

Achieving results

Our initial efforts have achieved some early results. The number of new company listings has surged this year. Between January and August, there was a record 63 IPOs, surpassing the 51 in the whole of 1999. In fact, our presence abroad is notable as 14 new listings are for companies outside Singapore. We expect 2000 to be a record year for the number of new listings in our market.

On our derivatives market, a total of 14.6 million contracts were traded in the first 6 months this year, 9.9% more than the 13.3 million contracts in the same period last year. Individual futures products also registered several record trading volumes, including strong growth in our Eurodollar, Japanese Government Bond, Taiwan Index and MSCI Singapore Index contracts.

Forging ahead

These achievements are notable, but our work is only just beginning. To thrive in the changing environment we face, SGX will work hand-in-hand with our customers, our members, our partners, and our regulators to take even bolder steps forward.

In the next year, we will embark on significant technological enhancements - designed to provide an open interface - to the order entry, routing and matching aspects of our securities trading system. We will also be designing an open interface for our securities clearing system and implementing a new derivatives clearing system. Our IT Solutions division, already an important provider of securities processing and order routing services to brokers and other capital market participants, is exploring the development of several new e-commerce activities. Much of our future will depend upon our success in delivering these and other technological advancements.

Conclusion

While change presents many challenges, it also opens up many new opportunities. I am confident that through the hard work of the Board of Directors and dedicated management and staff, we will continue to expand our marketplace and seize the opportunities before us.



Thomas Kloet
25 September 2000

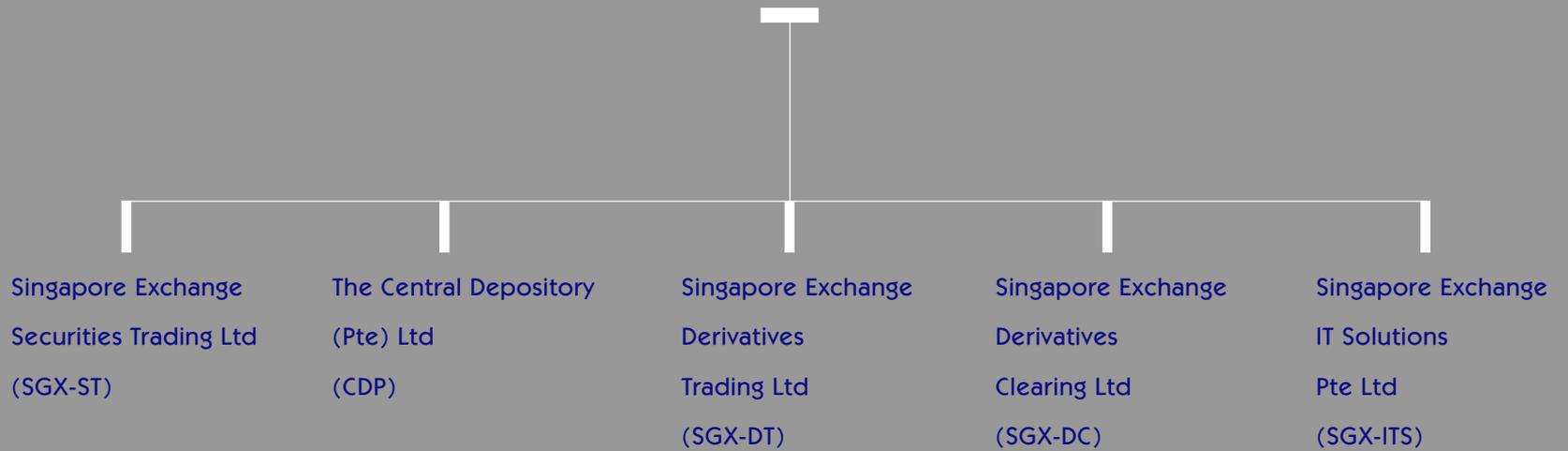


Our

Subsidiaries

Through our various subsidiaries, SGX provides a comprehensive range of products and services in an efficient, sound and cost-effective environment. These include the securities and derivatives exchanges, their related clearinghouses, and a division focused on providing technology products.

Singapore Exchange Ltd (SGX)



Singapore Exchange Securities Trading Ltd (SGX-ST)

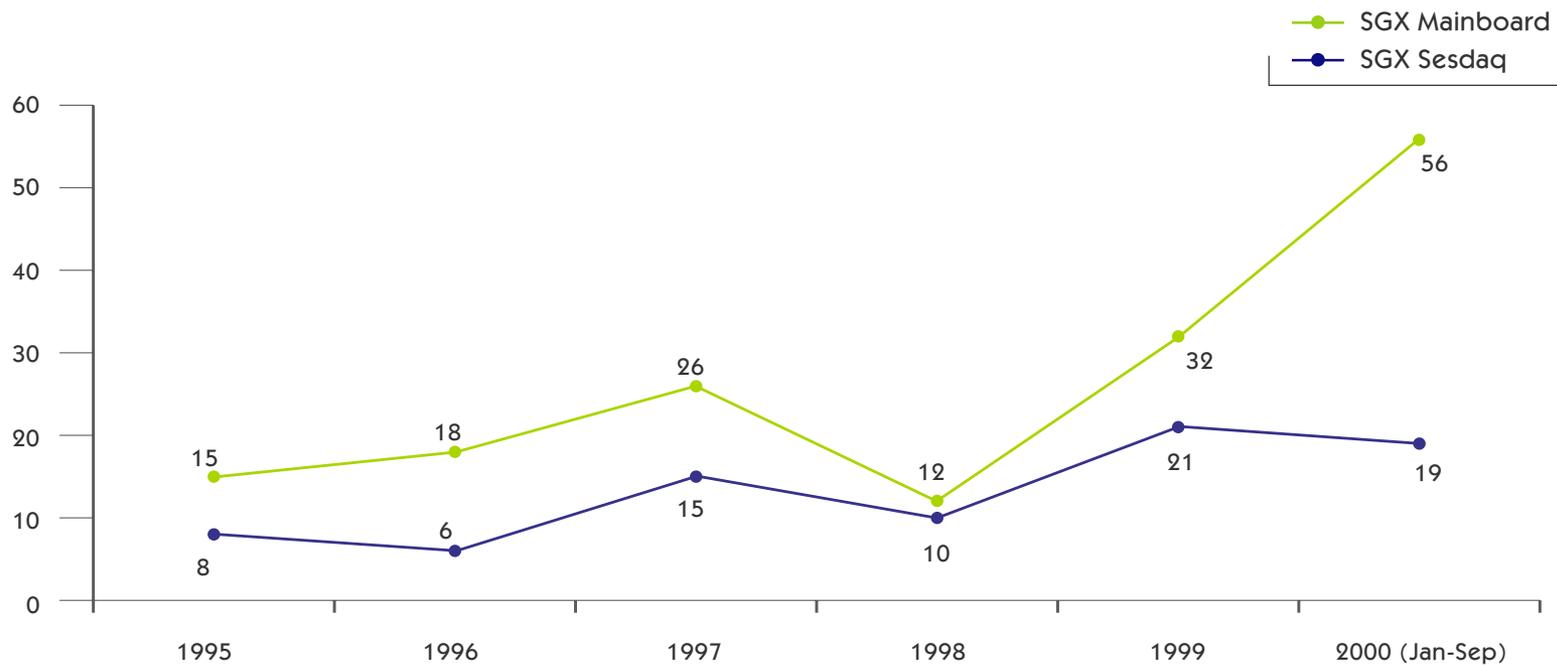
SGX-ST operates the SGX Mainboard and SGX Sesdaq. It focuses on helping companies and investors meet their capital-raising and investment needs within a sound, transparent and efficient marketplace.

Between 1 January and 29 September 2000, a record 73 local and regional companies were listed on SGX-ST. This exceeded the 51 listings on SGX Mainboard and SGX Sesdaq for the whole of 1999. The total number of companies listed on SGX-ST is now more than 470, with a total market capitalisation of almost S\$560 billion (as at 29 September 2000). Total proceeds raised from 1 January to 29 September 2000 amounted to S\$2.96 billion.

SGX-ST's wide range of securities products can be accessed through a fully computerised Clob trading system and trading has been all electronic since 1989.

Expanding its regional focus to meet the needs of investors and companies, SGX-ST will include India, besides Taipei, Manila, New York, San Francisco, Shanghai, Beijing and Xi An, into its listing roadshows itinerary.

Other initiatives SGX-ST has embarked on include the proposed joint venture with the American Stock Exchange to list exchange traded funds (ETFs) in Singapore and studies on the feasibility of a Straits Times Index (STI) share.



New Listings on SGX

The Central Depository (Pte) Ltd (CDP)

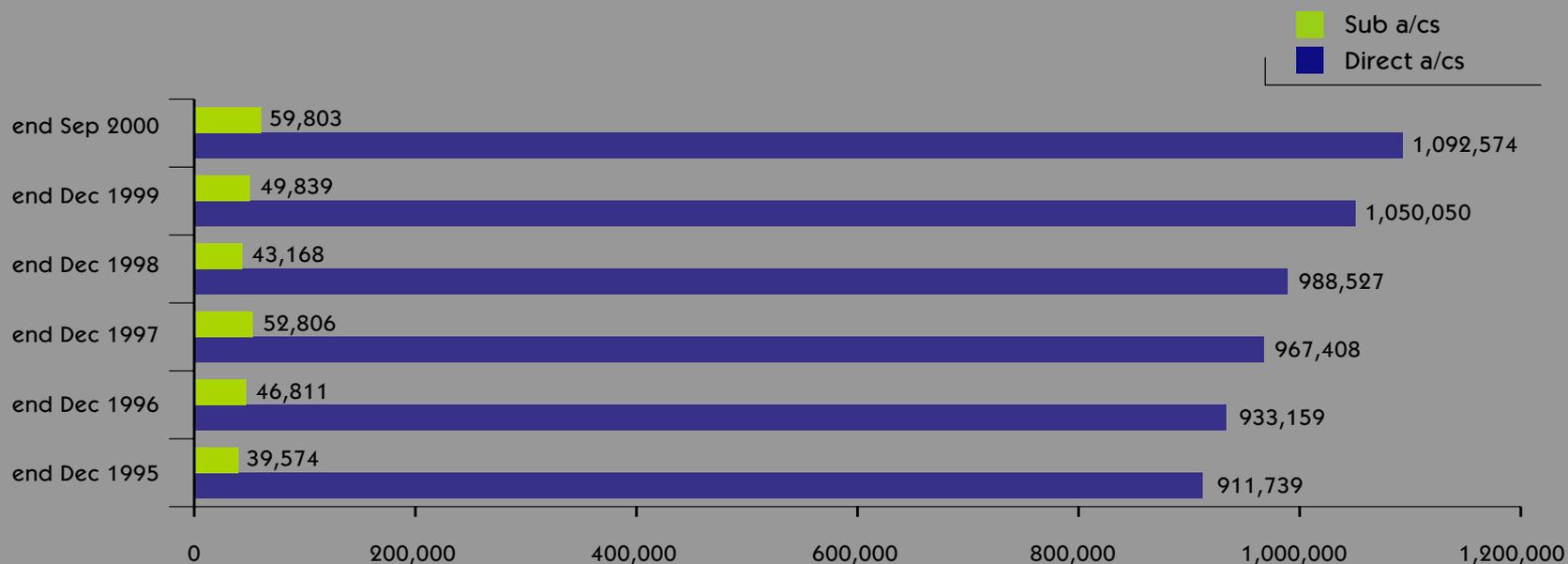
CDP provides integrated clearing, settlement and depository facilities for market participants and investors. It also facilitates corporate actions by listed companies.

From December 1999 to September 2000, CDP cleared and settled a total of 79.18 billion Singapore dollar-denominated shares valued at \$135.84 billion. In addition, 7.4 billion US dollar-denominated shares amounting to US\$7.34 billion were also cleared through the depository.

As at 30 September 2000, 1.1 million direct accounts were registered with CDP, of which 99% were opened by individuals. In addition, there were 85 depository agents, which maintained 59,803 sub-accounts on behalf of investors. As at 30 September 2000, a total number of 151.29 billion securities were deposited with CDP.

In its continuing effort to offer efficient and cost-effective services, CDP, in July 2000, launched the first phase of its Customer Relationship Management System (CRMS) which saw the introduction of an e-mail service for account holders to access their shareholdings. The second and third phases of CRMS that include an automated phone enquiry service and secured internet access to shareholding information are targeted for implementation by mid-2001.

Other plans in the pipeline include a feasibility study of a stock borrowing and lending programme; and the re-engineering of CDP's clearing and settlement infrastructure to facilitate cross-border settlement, and allow market participants to connect their own settlement and risk management systems to CDP's settlement system. This open infrastructure will not only further automate post-trade processing to facilitate straight-through-processing (STP), but will also support a new participation structure where members can take on either the trading function, or the clearing function, or both.



Number of CDP Direct and Nominee Accounts

Singapore Exchange Derivatives Trading Ltd (SGX-DT)

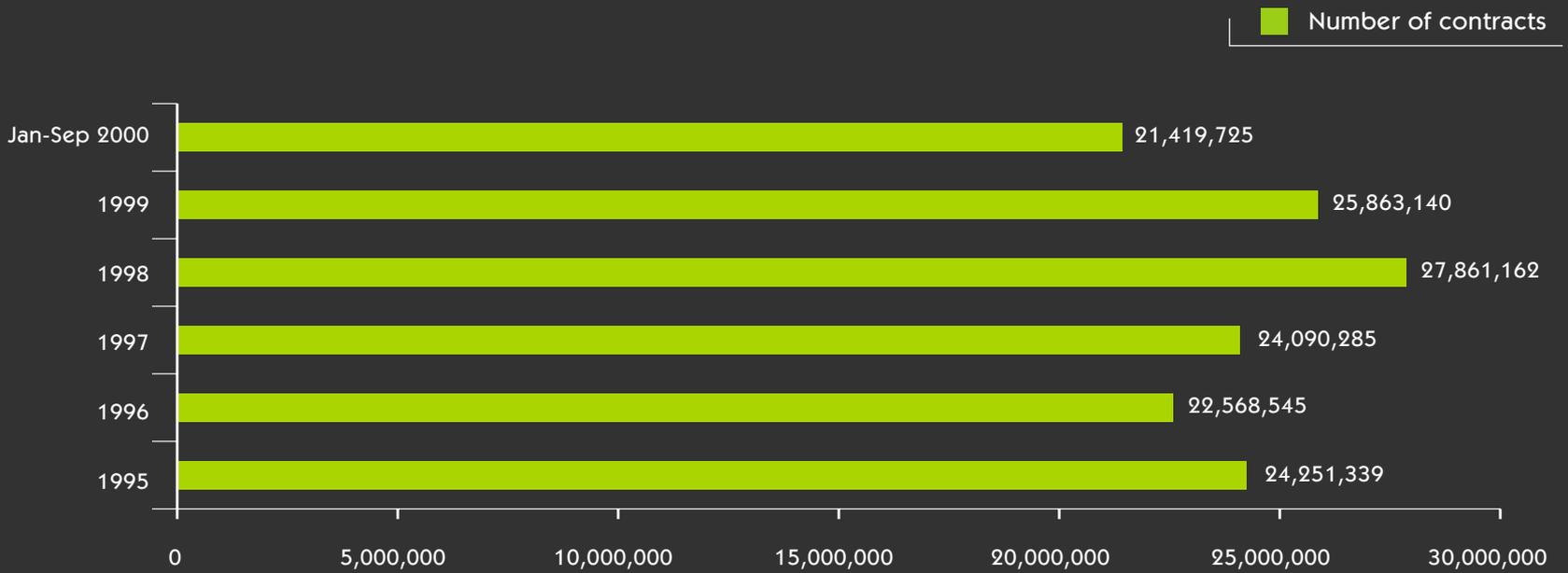
SGX-DT has its roots in the Singapore International Monetary Exchange (SIMEX), which was established in 1984. Over the years, SGX-DT's futures trading volume has grown to rank as the world's 11th largest, making it one of the leading derivatives exchanges in Asia. It has also established a reputation for being committed to an innovative and pro-market approach. For these accomplishments, the exchange was voted by UK's International Financing Review as Derivatives Exchange of the Year in 1989, 1992, 1993 and 1998. It was also named Asia's Best Derivatives Exchange 1999 by The Asset magazine and the Best Asian Derivatives Exchange in 2000 by AsiaRisk.

SGX-DT boasts the widest range of Asian derivatives in the world, and the widest range of international derivatives in the Asia-Pacific. These instruments include futures and options on interest rates, stock indexes and energy. SGX-DT was the first Asian exchange to offer Eurodollar futures and the first exchange in the world to offer Japanese and Taiwanese stock index futures. The latest products launched by SGX-DT are the Straits Times Index futures contract on 28 June 2000, and the SGX S&P CNX Nifty futures contract on 25 September 2000.

The exchange operates 2 trading systems – the open outcry and the Electronic Trading System (SGX ETS) – which complement each other to provide extended trading opportunities spanning different time-zones. While some products are traded exclusively on either SGX ETS or the open outcry floor, most products are traded both ways simultaneously, giving the customer ultimate flexibility.

SGX-DT is a founding member of the world's first Mutual Offset System (MOS) – a futures trading link across time-zones. It is also a founding member of the GLOBEX® Alliance that will link markets across the American, European and Asian time-zones on a single electronic platform. SGX-DT also has alliances or significant relationships with the Chicago Mercantile Exchange and the National Stock Exchange of India.

With a broad range of global products, SGX-DT's business scope clearly goes beyond Asia-Pacific to cover the US and European markets as well. Today, its position as an international marketplace is well recognised, with over 80% of its customer trades originating from US, Europe, Japan and other overseas markets.



Annual Derivatives Trading Volume

Singapore Exchange Derivatives Clearing Ltd (SGX-DC)

SGX-DC provides clearing and settlement services for SGX derivatives products. It assumes the role of counterparty to all executed trades, guaranteeing the performance of all derivatives contracts.

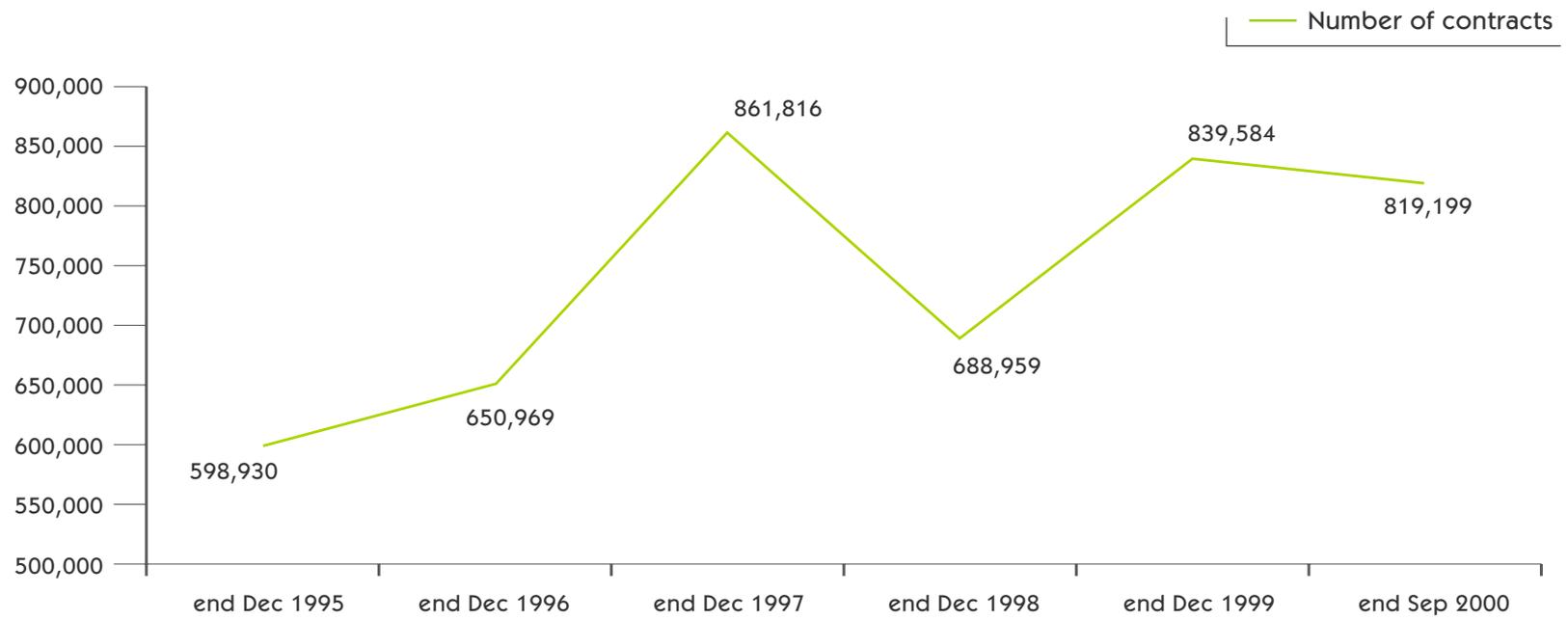
SGX-DC performs daily clearing and settlement, and assigns and supervises deliveries of derivatives contracts. It also computes and collects margins, and performs daily mark-to-market, a process which adjusts open positions of contracts against their respective settlement prices.

SGX-DC administers the Mutual Offset System (MOS), a trading linkage with other exchanges. The MOS enables a trade executed in one exchange, to be transferred to establish a new position or liquidate an existing position in another exchange.

Pushing back boundaries with technology, SGX-DC launched a MOS21 system in September 2000. MOS21 is an on-line MOS, which will instantaneously accept or reject the transfer of MOS trades between SGX-DC members and members of the Chicago Mercantile Exchange. This on-line system reduces both the occurrence of overnight out-trades and the market participants' risk resulting from out-trades. It will also improve operational efficiency by providing an automatic acceptance facility.

SGX-DC has positioned itself to provide leading-edge clearing services and facilities in a stable risk-managed environment, through a series of key initiatives to be introduced in the year ahead.

Targeted for launch by end 2000, a Clearing Operations and Risk Evaluation system (CORE) is a new improved clearing system that will enhance risk management capability, make more efficient use of margins and disseminate electronic clearing information to enable clearing members to implement straight-through processing for trade settlement. Other initiatives include plans to offer members a wider choice of securities that can be utilised as collateral; the further development of the SGX Trade Allocation and Registration system (STAR), SGX's trade matching and give-up system for derivative transactions; and the Trade Dissemination System (TDS), which disseminates trade information real-time to clearing members.



Year-End Open Interest

Singapore Exchange IT Solutions Pte Ltd (SGX-ITS)

SGX-ITS provides securities processing and related IT services to brokers and other capital market participants.

These include the provision and operation of a back-office processing system for all securities members of the SGX-ST market and the licensing of an on-line trading technology solution which allows brokers to provide investors with internet trading services. SGX-ITS' entire host of IT applications also enables brokers to offer value-added services such as margin financing, internet IPO and electronic share loans.

Playing a catalytic role in facilitating response to the liberalisation of the securities industry, SGX-ITS developed and put in place mechanisms to enhance trading efficiency and increase trading speed and capacity. Besides the automatic creation of contracts for non-SGX markets and more streamlined payment and receipt functions, the mechanisms also enable securities brokers to offer more flexible commission schemes and move to a shorter (T+3) settlement cycle.

SGX-ITS pioneered voice-activated trading in Singapore. Maintaining this relentless pursuit in anticipating market needs, SGX-ITS intends to draw on its expertise to provide the industry with the vital infrastructure in the rapidly evolving e-markets.

Plans are underway to introduce an on-line trading central hosting service which allows brokers to effectively outsource their non-core IT functions. SGX-ITS is also exploring new B2C or B2B e-commerce services for the capital markets.



Our

Technology Vision

Capital markets in the global, regional and local arenas are being re-shaped with several change drivers. Of these, globalisation, technology and risk management are prominent. Technology, in particular, is instrumental as the catalyst for change.

Our vision is to create a 'one-stop' trading, clearing and settlement facility for both equities and derivatives products on the exchange. To achieve this vision, SGX aims to develop a robust, world-class IT infrastructure. We have developed a comprehensive blueprint of strategic technology initiatives. Built on the most exacting international technological standards, protocols and business standards, these initiatives will further position SGX as a leading global capital market when fully implemented.

SGX's strategic technology initiatives are:

1. To **build a robust computing platform** characterised by a reliable, secure, scalable and optimal performance IT infrastructure.
2. To **build an open connectivity architecture** for the SGX network to improve and simplify access for market participants.
3. To **enhance the security infrastructure** to safeguard the data privacy and integrity, and non-repudiation of all transactions.
4. To **enable e-commerce** by harnessing cutting-edge technologies including the internet/extranet and mobile computing.
5. To **provide enterprise-to-enterprise application interfaces** based on universally endorsed and implemented messaging protocols, and on best market practices to maximise the benefits of straight-through-processing.
6. To **provide 'one-stop' convenience** to investors and market participants resulting in access to trading, clearing and settlement facilities for all financial instruments through a single interface.
7. To **provide 24 hours a day, 7 days a week seamless trading, clearing and settlement capabilities.**



Corporate

Governance Statement

The Singapore Exchange Limited Board (the “Board”) will continue to uphold the highest standards of corporate governance within the Company.

1. Board of Directors

1.1 The Board meets every two months and supervises the management of the business and affairs of the Company. The Board approves the Company's corporate and organisational strategic plans, appointment of board directors and key managerial personnel, annual budgets, major funding and investment proposals, and reviews the financial performance of the Company. To facilitate effective management, certain functions have been delegated by the Board to various Board Committees.

1.2 The Board members at the date of the report¹ are :

Chairman

Joseph Yuvaraj Pillay

Members

Thomas A. Kloet (Chief Executive Officer)

Goh Yew Lin

Hidetoshi Mine

Ho Tian Yee

Victor Liew Cheng San

Low Check Kian

Richard Gnodde

Robert Michael Stein

Wong Ngit Liong

George Teo Eng Kim

¹ Assumed to be 17 October 2000.

2. Audit Committee

2.1 The Audit Committee comprises 4 members, all of whom are independent non-executive directors. The members of the Audit Committee at the date of this report are :

<u>Chairman</u>	<u>Members</u>
Ho Tian Yee	Hidetoshi Mine Victor Liew Cheng San Robert Michael Stein

2.2 The Audit Committee holds meetings at least three times per year with management, the Chief Internal Auditor and the external Auditors of the Company, and performs the following functions:

- a) Reviews the audit plans of the internal and external Auditors of the Company, ensures the adequacy of the Company's system of accounting controls and the cooperation given by the Company's management to the external and internal Auditors;
- b) Reviews the interim and annual financial statements and the auditors' report of the Company before their submission to the Board of Directors;
- c) Reviews with the management and the Chief Internal Auditor the adequacy of the Company's internal controls over management, business and service systems and practices;
- d) Reviews legal and regulatory matters that may have a material impact on the financial statements, related exchange compliance policies, and programs and reports received from regulators; and
- e) Nominates the external Auditors for reappointment, approves the compensation of the external Auditors, and reviews and approves the discharge of the external Auditors.

2.3 The Committee has the power to conduct or authorise investigations into any matters within the Committee's scope of responsibility.

2.4 In the opinion of the Committee, the Company complies with the Best Practices Guide of the Singapore Exchange Securities Trading Limited ("SGX-ST") on Audit Committees.

3. Nominating Committee

3.1 A Nominating Committee assists the Board to review all nominations for the appointment or reappointment of members of the Board of Directors and the CEO.

3.2 The Nominating Committee comprises not less than 4 Directors. The members of the Nominating Committee at the date of this report are:

Chairman

Joseph Yuvaraj Pillay

Members

Richard Gnodde
George Teo Eng Kim
Ho Tian Yee

3.3 The appointment of members of the Nominating Committee is subject to the prior approval of the Monetary Authority of Singapore.

4. Appeals Committee

4.1 An Appeals Committee conducts hearings on appeals against the decisions of the Office of the CEO, and the decisions of the Business Conduct Committee, the Clearing House Committee and the Disciplinary Committees of the Company's securities and derivatives trading divisions.

4.2 The Appeals Committee comprises 6 Directors and non-Directors. The members of the Appeals Committee at the date of this report are:

Chairman

Joseph Yuvaraj Pillay

Members

George Teo Eng Kim
Victor Liew Cheng San
Low Check Kian
Lucien Wong (non-Director)
Colin Ng (non-Director)

4.3 A total of 2 appeals have been heard by the Appeals Committee as at the date of this report.

5. Compensation and Management Development Committee (“CMD Committee”)

- 5.1 The CMD Committee reviews all matters concerning the company’s senior management remuneration program to ensure that it is competitive and sufficient to attract, retain and motivate senior management of the required quality to run the Company successfully.
- 5.2 The CMD Committee also administers the Company’s Employee Share Option Plan, established on 1 November 2000, in accordance with the rules as approved by shareholders.
- 5.3 The CMD Committee comprises 7 directors, of whom a majority are non-executive Directors. The members of the CMD Committee at the date of this report are:

Chairman

Joseph Yuvaraj Pillay

Members

Thomas A. Kloet

Wong Ngit Liong

Richard Gnodde

Hidetoshi Mine

Low Check Kian

Robert Michael Stein

6. Management Committee

- 6.1 The Management Committee (“MC”) is not a Board Committee. Decisions of the SGX Board are communicated to the Management Committee, which comprises senior management and is chaired by the CEO.
- 6.2 Weekly Management Committee meetings are held by the CEO with the senior management, who are the Heads of Divisions or Departments in the Company, to review the status of various projects, discuss or propose strategic objectives, plans and key policies for the Company and recommend any strategic ventures or proposals to the Board.



Financial Statements

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The directors present their report to the members together with the audited financial statements of the Company (formerly known as "Letz Limited") and of the Group for the financial period from 21 August 1999, date of incorporation, to 30 June 2000.

DIRECTORS

The directors of the Company at the date of this report are:

Joseph Yuvaraj Pillay (appointed 15 November 1999)
Thomas Kloet (appointed 24 April 2000)
Ho Tian Yee (appointed 15 November 1999)
Victor Liew Cheng San (appointed 15 November 1999)
Hidetoshi Mine (appointed 15 November 1999)
George Teo Eng Kim (appointed 15 November 1999)
Wong Ngit Liong (appointed 15 November 1999)
Richard Gnodde (appointed 18 November 1999)
Goh Yew Lin (appointed 20 July 2000)
Low Check Kian (appointed 20 July 2000)
Robert Michael Stein (appointed 20 July 2000)

PRINCIPAL ACTIVITIES

The principal activity of the Company is that of a holding company, enacted under the Exchanges (Demutualisation and Merger) Act 1999, for the purpose of providing for the demutualisation and merger of the Stock Exchange of Singapore Limited, the Singapore International Monetary Exchange Limited and the Securities Clearing and Computer Services (Pte) Limited and their subsidiaries. The principal activities of the individual subsidiaries are set out in Note 12 to the financial statements. There was no change in the nature of the activities of the Company and its subsidiaries during the period.

RESULTS FOR THE FINANCIAL PERIOD

	THE GROUP \$'000	THE COMPANY \$'000
Profit after tax attributable to the members of Singapore Exchange Limited	62,225	455,529
Contribution to fidelity funds	(4,150)	-
Profit retained at the end of the financial period	<u>58,075</u>	<u>455,529</u>

MATERIAL TRANSFERS TO OR FROM RESERVES AND PROVISIONS

Material transfers to or from reserves during the financial period were as follows:

	THE GROUP \$'000	THE COMPANY \$'000
(a) Share premium account		
Premium on issue of shares	<u>308,278</u>	<u>308,278</u>
(b) General reserve		
On acquisition of subsidiaries pursuant to the Exchanges (Demutualisation and Merger) Act 1999	401,926	-
Creation of reserve on reduction of issued share capital of subsidiary	4,000	-
Transfer from general reserve to retained profit	<u>(1,604)</u>	<u>-</u>
	<u>404,322</u>	<u>-</u>
(c) Clearing fund reserve		
On acquisition of subsidiary pursuant to the Exchanges (Demutualisation and Merger) Act 1999	<u>25,000</u>	<u>-</u>
(d) Foreign currency translation reserve		
Net exchange difference arising on translation of financial statements of foreign subsidiary	<u>17</u>	<u>-</u>

Material movements in provisions are set out in the notes to the financial statements.

ACQUISITION AND DISPOSAL OF SUBSIDIARIES

On 1 December 1999, in accordance with the Exchanges (Demutualisation and Merger) Act 1999, the Company acquired the entire share capital of Singapore Exchange Securities Trading Limited ["SGX-ST"] (formerly known as "Stock Exchange of Singapore Limited"), the Singapore Exchange Derivatives Trading Limited ["SGX-DT"] (formerly known as "Singapore International Monetary Exchange Limited"), and Securities Clearing and Computer Services (Pte) Limited.

Following the above-mentioned acquisition of subsidiaries, The Central Depository (Pte) Limited and Singapore Exchange IT Solutions Pte Limited (formerly known as "Macrovision Systems Pte Ltd"), both of which were subsidiaries of SGX-ST, were transferred to the Company.

Details of the acquisition were as follows:

NAME OF COMPANY	CONSIDERATION \$'000	NET ASSET VALUE AT ACQUISITION DATE \$'000
Singapore Exchange Securities Trading Limited (formerly known as Stock Exchange of Singapore Limited)	198,000	211,416
Singapore Exchange Derivatives Trading Limited (formerly known as Singapore International Monetary Exchange Limited)	110,340	102,679
Securities Clearing and Computer Services (Pte) Limited	-	137,558
The Central Depository (Pte) Limited	15,000	287,163
Singapore Exchange IT Solutions Pte Limited (formerly known as Macrovision Systems Pte Ltd)	#	450
	323,340	739,266
# : \$2		

Shares of the Company to the value of \$308,340,000 were issued as consideration for the acquisition of Singapore Exchange Securities Trading Limited and Singapore Exchange Derivatives Trading Limited. The acquisitions of The Central Depository (Pte) Limited and Singapore Exchange IT Solutions Pte Limited were satisfied by cash.

There were no other acquisitions or disposals of interests in subsidiaries during the financial period.

ISSUE OF SHARES AND DEBENTURES

The Company, formerly known as Letz Limited, was incorporated on 21 August 1999 with an issued capital of \$2 comprising two subscriber shares of \$1 each. During the financial period, the Company changed its name to Singapore Exchange Limited and pursuant to the Exchanges (Demutualisation and Merger) Act 1999, increased its issued ordinary share capital from \$2 to \$61,670 by the issue of 61,668 shares of \$1 each at a premium of \$4,999 per share, in exchange for the entire share capital of Singapore Exchange Securities Trading Limited (formerly known as Stock Exchange of Singapore Limited) and Singapore Exchange Derivatives Trading Limited (formerly known as Singapore International Monetary Exchange Limited).

The newly issued shares rank pari passu in all respects with the previously issued shares.

There were no other issues of shares or debentures by any corporation in the Group during the financial period.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial period was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of an acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Share Options" in this report.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

- (a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial period had any interest in the share capital of the Company and related corporations, except as follows:

	HOLDINGS REGISTERED IN NAME OF DIRECTOR OR NOMINEE		HOLDINGS IN WHICH A DIRECTOR IS DEEMED TO HAVE AN INTEREST	
	At 30.6.2000	At incorporation or date of appointment, if later	At 30.6.2000	At incorporation or date of appointment, if later
The Company (Ordinary shares of \$1 each)				
George Teo Eng Kim	-	-	1,359	1,359
Goh Yew Lin	-	-	1,257	1,257

According to the register of directors' shareholdings, the director holding office at 30 June 2000 who had interests in the options to subscribe for ordinary shares of the Company is set out below:

	NUMBER OF UNISSUED ORDINARY SHARES OF \$1 EACH UNDER OPTION HELD BY DIRECTOR	
	At 30.6.2000	At date of appointment
Thomas Kloet	616	616

DIVIDENDS

No dividends have been paid, declared or proposed since the Company's incorporation.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Company were made out, the directors took reasonable steps to ascertain the action taken in relation to the writing off of bad debts and providing for doubtful debts of the Company. The directors have satisfied themselves that there were no bad or doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render any amounts written off for bad debts or provided for doubtful debts in the consolidated financial statements of the Group inadequate to any substantial extent.

CURRENT ASSETS

Before the financial statements of the Company were made out, the directors took reasonable steps to ascertain that current assets of the Company which were unlikely to realise their book value in the ordinary course of business have been written down to their estimated realisable value or that adequate provision has been made for the diminution in value of such current assets.

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report, which would render the value attributed to current assets in the consolidated financial statements misleading.

CHARGES ON ASSETS AND CONTINGENT LIABILITIES

At the date of this report, no charges have arisen since the end of the financial period on the assets of the Company or any corporation in the Group which secure the liability of any other person, nor have any contingent liability arisen since the end of the financial period in the Company or any other corporation in the Group.

ABILITY TO MEET OBLIGATIONS

No contingent or other liability of the Company or any other corporation in the Group has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial period which, in the opinion of the directors, will or may substantially affect the ability of the Company and the Group to meet its obligations as and when they fall due.

OTHER CIRCUMSTANCES AFFECTING THE FINANCIAL STATEMENTS

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the consolidated financial statements which would render any amount stated in the financial statements of the Company and the consolidated financial statements misleading.

UNUSUAL ITEMS

In the opinion of the directors, the results of the operations of the Company and of the Group during the financial period have not been substantially affected by any item, transaction or event of a material and unusual nature.

UNUSUAL ITEMS AFTER THE FINANCIAL PERIOD

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial period and the date of this report which would affect substantially the results of the operations of the Company and of the Group for the financial period in which this report is made.

DIRECTORS' CONTRACTUAL BENEFITS

Since the Company's incorporation, no director has received or become entitled to receive a benefit (other than as disclosed in the consolidated financial statements and in this report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest.

SHARE OPTIONS

Options granted during the financial period to subscribe for unissued shares of the Company were as follows:

<u>NO. OF OPTIONS FOR NAME</u>	<u>ORDINARY SHARES OF S\$1 EACH</u>
Thomas Kloet	616

Statutory information regarding the grant of option is as follows:

- (i) The exercise prices of the options are:
 - (a) for 308 at-the-money share options, the offer price of shares offered in respect of the Company's initial private placement of shares, or provided the initial private placement does not occur by the first anniversary of the date of grant of the option, the fair market value as at the date of grant of the option.
 - (b) for 308 out-of-the-money share options, 150% of the offer price of shares offered in respect of the Company's initial private placement of shares, or provided the initial private placement does not occur by the first anniversary of the date of grant of the option, 150% of the fair market value as at the date of grant of the option.
- (ii) The options are exercisable from 25 April 2001, being the first anniversary of the date of grant of the option, for a period of ten years.
- (iii) The person to whom the options have been issued has no right to participate by virtue of the options in any share issue of any other company, except in the event of any consolidation or merger or amalgamation of the Company with, or into another corporation, the Board of directors may provide for the cancellation of existing options and the grant of other options for shares in the surviving corporation or other corporation.
- (iv) The options granted to the director are subject to the approval of the shareholders at a general meeting.

No shares have been issued during the period by virtue of the exercise of options to take up unissued shares of the Company.

There were 616 unissued shares under option at the end of the financial period. The terms of the options outstanding are set out in the above paragraphs.

AUDIT COMMITTEE

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Companies Act, including a review of the financial statements of the Company and of the Group for the financial period and the auditors' report thereon.

The Audit Committee has nominated PricewaterhouseCoopers for re-appointment as auditors of the Company at the forthcoming Annual General Meeting.

AUDITORS

The auditors, PricewaterhouseCoopers, have expressed their willingness to accept re-appointment.

On behalf of the directors .



Joseph Yuvaraj Pillay
Director



Thomas Kloet
Director

21 September 2000

STATEMENT BY DIRECTORS

In the opinion of the directors, the financial statements set out on pages 66 to 92 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group at 30 June 2000 and of the results of the business of the Company and of the Group and the cash flows of the Group for the financial period then ended, and at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the directors .



Joseph Yuvaraj Pillay
Director



Thomas Kloet
Director

21 September 2000

AUDITORS' REPORT TO THE MEMBERS OF SINGAPORE EXCHANGE LIMITED

We have audited the financial statements of Singapore Exchange Limited and the consolidated financial statements of the Group for the financial period ended 30 June 2000 set out on pages 66 to 92. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform our audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the accompanying financial statements of the Company and consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Singapore Companies Act ("Act") and Singapore Statements of Accounting Standard and so as to give a true and fair view of:
 - (i) the state of affairs of the Company and of the Group at 30 June 2000, the profit and changes in equity of the Company and of the Group, and the cash flows of the Group for the financial period ended on that date; and
 - (ii) the other matters required by Section 201 of the Act to be dealt with in the financial statements of the Company, and the consolidated financial statements of the Group;
- (b) the accounting and other records, and the registers required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and in respect of subsidiaries incorporated in Singapore did not include any comment made under Section 207(3) of the Act.

PricewaterhouseCoopers
Certified Public Accountants

Singapore,
21 September 2000

BALANCE SHEETS

	Notes	THE GROUP \$'000	THE COMPANY \$'000
Current assets			
Investments	3	37,035	32,505
Security deposits of derivatives clearing members	4	23,096	-
Securities clearing funds	5	33,473	-
Trade receivables	6	342,218	395
Amounts due from subsidiaries - trade		-	8,728
Margin funds and settlement variation relating to derivatives contracts	7	2,400,006	-
Other debtors	8	31,904	24,710
Cash and cash equivalents	9	601,375	363,365
		<u>3,469,107</u>	<u>429,703</u>
Non-current assets			
Fixed assets	10	62,065	35,160
Properties under development	11	90,883	-
Investment in subsidiaries	12	-	323,340
Club memberships		728	528
		<u>153,676</u>	<u>359,028</u>
Net assets of securities and derivatives fidelity funds	13	50,037	-
Total assets		<u>3,672,820</u>	<u>788,731</u>

The accompanying notes form an integral part of these financial statements.
Auditors' Report - Pages 64 and 65.

	Notes	THE GROUP \$'000	THE COMPANY \$'000
Current liabilities			
Due to fidelity funds	13	5,395	-
Trade creditors	15	323,940	-
Other creditors	16	23,422	6,130
Amounts due to subsidiaries - non-trade		-	16,698
Security deposits received from derivatives clearing members	4	23,096	-
Securities clearing members' contributions to clearing funds	5	8,473	-
Margin funds and settlement variation relating to derivatives contracts	7	2,400,006	-
Taxation	19	37,541	2,034
		<u>2,821,873</u>	<u>24,862</u>
Non-current liability			
Deferred tax	19	3,552	-
		<u>2,825,425</u>	<u>24,862</u>
Total liabilities			
		<u>847,395</u>	<u>763,869</u>
Equity			
Share capital	17	62	62
Reserves		<u>797,296</u>	<u>763,807</u>
		<u>797,358</u>	<u>763,869</u>
Securities and derivatives fidelity funds			
Accumulated funds	13	50,037	-
		<u>847,395</u>	<u>763,869</u>

PROFIT AND LOSS ACCOUNTS

	Notes	THE GROUP \$'000	THE COMPANY \$'000
Operating revenue			
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
Total operating revenue		<u>136,145</u>	<u>645,013</u>
Operating expenses			
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
Total operating expenses		<u>64,131</u>	<u>33,289</u>
Profit from operating activities		72,014	611,724

	Notes	THE GROUP \$'000	THE COMPANY \$'000
Non-operating income/(expense)			
Interest income	18	10,337	6,331
Other non-operating income		71	340
Other non-operating expense		(99)	(5,155)
Net non-operating income		<u>10,309</u>	<u>1,516</u>
Profit before tax	18	82,323	613,240
Tax	19	(20,098)	(157,711)
Profit after tax		<u>62,225</u>	<u>455,529</u>
Contribution to fidelity funds	13	(4,150)	-
Profit after tax and contribution to fidelity funds		<u>58,075</u>	<u>455,529</u>
Earnings per share	20		
- 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>	

The accompanying notes form an integral part of these financial statements.
Auditors' Report - Pages 64 and 65.

STATEMENT OF CHANGES IN EQUITY

THE GROUP

	Share capital \$'000	Share premium \$'000	General reserve \$'000 [Note 12(b)]	Clearing fund reserve* \$'000 [Note 5 & 12(b)]	Translation reserve* \$'000	Retained profit \$'000	Total \$'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
Balance at 30 June 2000	62	308,278	404,322	25,000	17	59,679	797,358
* - Non-distributable reserves							

THE COMPANY

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

The accompanying notes form an integral part of these financial statements.
Auditors' Report - Pages 64 and 65.

CONSOLIDATED CASH FLOW STATEMENT

	Notes	\$'000
Cash flows from operating activities		
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)
Net cash from operating activities		58,696
Cash flows from investing activities		
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
Net cash from investing activities		(17,675)
Net increase in cash held		41,021
Cash acquired on acquisition of subsidiaries	12	560,337
Effects of exchange rate changes on cash		17
Cash at the end of the financial period	9	601,375

The accompanying notes form an integral part of these financial statements.
Auditors' Report - Pages 64 and 65.

STATEMENT OF CHANGES IN EQUITY

THE GROUP

	Share capital \$'000	Share premium \$'000	General reserve \$'000 [Note 12(b)]	Clearing fund reserve* \$'000 [Note 5 & 12(b)]	Translation reserve* \$'000	Retained profit \$'000	Total \$'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
Balance at 30 June 2000	62	308,278	404,322	25,000	17	59,679	797,358
* - Non-distributable reserves							

THE COMPANY

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

The accompanying notes form an integral part of these financial statements.
Auditors' Report - Pages 64 and 65.

CONSOLIDATED CASH FLOW STATEMENT

	Notes	\$'000
Cash flows from operating activities		
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)
Net cash from operating activities		58,696
Cash flows from investing activities		
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
Net cash from investing activities		(17,675)
Net increase in cash held		41,021
Cash acquired on acquisition of subsidiaries	12	560,337
Effects of exchange rate changes on cash		17
Cash at the end of the financial period	9	601,375

The accompanying notes form an integral part of these financial statements.
Auditors' Report - Pages 64 and 65.

(h) Fixed assets

Fixed assets are stated at cost less accumulated depreciation.

(i) Depreciation of fixed assets

No depreciation is provided on leasehold land with more than 50 years to expiry of the lease. Short-term leasehold land is amortised evenly over the term of the lease.

Depreciation is calculated on a straight line basis to write off the cost of other fixed assets over their expected useful lives as follows:

Freehold and leasehold buildings	30 years upon completion of building
Improvement to leasehold premises	Lower of 5 years or lease period
Furniture, fittings and office equipment	3 to 10 years
Computers - Hardware	3 years
- Software	1 year to 3 years
Motor vehicles	4 years

(j) Revenue recognition

Revenue is recognised on the following basis:

- i. trading, clearing and settlement income, net of rebates, on a trade date basis;
- ii. listing and membership fees, maintenance fees and rental income on a time proportion basis;
- iii. price information fees, processing and other income, when services are rendered;
- iv. interest income, on a time proportion basis; and
- v. dividend income is recorded gross in the profit and loss account in the accounting period in which a dividend is declared payable.

(k) Taxation

Tax expense is determined on the basis of tax effect accounting using the liability method. Deferred taxation is provided on significant timing differences arising from the different treatment in accounting and taxation of relevant items.

In accounting for timing differences, deferred tax assets are not recognised unless there is reasonable expectation of their realisation.

3. CURRENT ASSETS - INVESTMENTS

	THE GROUP \$'000	THE COMPANY \$'000
Quoted investments, at market value [see (a) below]	32,785	28,255
Unquoted investments, at cost	4,250	4,250
	<u>37,035</u>	<u>32,505</u>
(a) Quoted investments, at market value		
The aggregate market values of quoted investments are:		
Unit trusts	4,530	-
Bonds and debentures	28,255	28,255
	<u>32,785</u>	<u>28,255</u>
(b) Quoted investments, at cost		
Unit trusts	5,056	-
Bonds and debentures	28,066	28,066
	<u>33,122</u>	<u>28,066</u>

4. CURRENT ASSETS - SECURITY DEPOSITS OF DERIVATIVES CLEARING MEMBERS

The rules of the derivatives subsidiary, Singapore Exchange Derivatives Trading Limited ("SGX-DT") require its clearing members to deposit security for their futures trading obligations, the minimum sum of US\$250,000 in cash or an equivalent amount in the form of irrevocable letters of credit.

All cash security deposits are placed in interest bearing accounts with banks. Interest earned on the security deposits is returned to the clearing members, with a portion retained by SGX-DT.

	\$'000
Cash deposits with banks	<u>23,096</u>

In addition, SGX-DT also holds the following irrevocable letters of credit from clearing members, in lieu of security deposits, for futures trading. These letters of credit are not included in the balance sheet of SGX-DT.

	\$'000
Irrevocable letters of credit	<u>67,557</u>

5. CURRENT ASSETS - SECURITIES CLEARING FUNDS

The securities clearing funds were established under the clearing rules of the securities clearing subsidiaries, The Central Depository (Pte) Limited (“CDP”) and Options Clearing Company Pte Limited (“OCC”). The clearing funds are to provide resources to enable CDP and OCC to discharge their obligations and liabilities of defaulting clearing members arising from transactions in approved securities and options.

(a) CDP clearing fund

CDP has prescribed that the initial fund size will be \$160 million. CDP has contributed \$25 million in cash to the clearing fund. Clearing members of the securities exchange are required to contribute a total of at least \$15 million in cash, acceptable assets or an equivalent amount in the form of bank guarantees, each member's contribution being in proportion to their market share. CDP has also purchased \$45 million insurance cover and has provided a standby credit facility of \$75 million to the clearing fund.

Payments out of the CDP clearing fund shall be made in the following order:

- (i) Contributions by defaulting clearing members
- (ii) Contributions of CDP
- (iii) Contributions by all other clearing members on prorata basis in the proportion of each clearing member's turnover to the total turnover of all clearing members at that point of default
- (iv) Insurance
- (v) Standby credit facility

(b) OCC clearing fund

Each clearing member shall be liable to contribute a base deposit of an initial amount of \$30,000 in cash to the clearing fund. In addition to the base deposit, each clearing member shall be liable to contribute a variable deposit which shall be based upon the amount of business translated or cleared by the clearing member. The clearing member's clearing fund total deposit shall consist of the aggregate amount of the base and variable deposit paid by the clearing member.

Payments out of the OCC clearing fund shall be made in the following order:

- (i) Total deposit of defaulting clearing members
- (ii) Base deposits of all other clearing members on a prorata basis
- (iii) Insurance

(c) As at 30 June 2000, securities clearing fund contributors comprise:

	\$'000
Cash contributions by CDP	25,000
Cash contributions by CDP clearing members	7,603
Cash contributions by OCC clearing members	870
Total cash contributions by securities clearing members	8,473
	<hr/>
Contributions by securities clearing members in the form of bank guarantees	11,526
	<hr/>
	44,999

As at 30 June 2000, all cash contributions are placed in interest bearing accounts with banks and are included in cash and cash equivalents on the balance sheet. Interest earned on the cash contributions by clearing members is credited to the clearing members while interest earned on the cash contributions by CDP is credited to CDP.

The bank guarantees are not included in the Group's balance sheet.

The contributions of clearing members are recorded as current liabilities of the Group. The contributions by CDP are included in the reserves of the Group.

6. CURRENT ASSETS - TRADE RECEIVABLES

	THE GROUP \$'000	THE COMPANY \$'000
Trade receivables comprise:		
Receivables from clearing members:		
- Daily settlements of accounts for due contracts and rights	319,933	-
- Clearing fees	11,569	-
Other trade receivables	11,085	395
	<u>342,587</u>	<u>395</u>
Less: Provision for doubtful debts	(369)	-
	<u>342,218</u>	<u>395</u>
Movements in provision for doubtful debts are as follows:		
Balance on acquisition of subsidiaries	752	-
Writeback during the financial period	(383)	-
Balance at the end of the financial period	<u>369</u>	<u>-</u>

7. CURRENT ASSETS - MARGIN FUNDS AND SETTLEMENT VARIATION RELATING TO DERIVATIVES CONTRACTS

(a) The balance comprise:

	\$'000
Margin deposits [Note (b)]	2,396,517
Settlement variation	3,489
	<u>2,400,006</u>

(b) Margin deposits relate to cash deposited by clearing members of the derivatives subsidiary, SGX-DT, as margins for their outstanding futures contracts.

All cash margin deposits are placed in interest bearing accounts with banks. Interest earned on the margin deposits is credited to the clearing members, with a portion retained by SGX-DT.

In addition, SGX-DT holds the following amounts of government securities, primarily US government securities, and irrevocable letters of credit as collateral from clearing members in order to meet the latter's obligations to SGX-DT for margin requirements. These government securities and irrevocable letters of credit are not included as part of the balance sheet of SGX-DT:

	\$'000
Quoted government securities:	
- par value	854,985
- market value	<u>906,160</u>
Irrevocable letters of credit	<u>323,117</u>

8. CURRENT ASSETS - OTHER DEBTORS

	THE GROUP \$'000	THE COMPANY \$'000
Interest receivable	6,667	4,348
Prepayments	2,416	1,148
Deposits	2,203	1,234
Staff advances	754	386
Recoverable merger-related expenses *	17,503	17,503
Others	<u>2,361</u>	<u>91</u>
	<u>31,904</u>	<u>24,710</u>

* The merger-related expenses paid by the Company will be reimbursed from the proceeds arising from the sale of shares of the Company in accordance with the Exchanges (Demutualisation and Merger) Act 1999

9. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	THE GROUP \$'000	THE COMPANY \$'000
Cash at bank	42,814	4,565
Bank deposits	<u>558,561</u>	<u>358,800</u>
	<u>601,375</u>	<u>363,365</u>

NOTES TO THE FINANCIAL STATEMENTS

10. NON-CURRENT ASSETS - FIXED ASSETS

THE GROUP	Freehold and leasehold land and buildings \$'000	Improvement to leasehold premises \$'000	Furniture, fittings & office equipment \$'000	Computer \$'000	Motor vehicles \$'000	Total \$'000
Cost						
New subsidiaries acquired	26,172	18,084	13,765	85,247	750	144,018
Additions	-	62	209	5,747	725	6,743
Disposals	-	-	-	(127)	(384)	(511)
At 30 June 2000	<u>26,172</u>	<u>18,146</u>	<u>13,974</u>	<u>90,867</u>	<u>1,091</u>	<u>150,250</u>
Accumulated depreciation						
New subsidiaries acquired	1,235	14,659	9,734	50,326	573	76,527
Disposals	-	-	-	(82)	(384)	(466)
Depreciation charge	164	998	711	10,175	76	12,124
At 30 June 2000	<u>1,399</u>	<u>15,657</u>	<u>10,445</u>	<u>60,419</u>	<u>265</u>	<u>88,185</u>
Net book value						
At 30 June 2000	<u>24,773</u>	<u>2,489</u>	<u>3,529</u>	<u>30,448</u>	<u>826</u>	<u>62,065</u>

THE COMPANY	Freehold and leasehold land and buildings \$'000	Improvement to leasehold premises \$'000	Furniture, fittings & office equipment \$'000	Computer \$'000	Motor vehicles \$'000	Total \$'000
Cost						
Intercompany transfer	30,894	10,522	5,145	21,669	430	68,660
Additions	-	19	89	747	725	1,580
Disposals	-	-	-	-	(384)	(384)
Write-down	(5,155)	-	-	-	-	(5,155)
At 30 June 2000	<u>25,739</u>	<u>10,541</u>	<u>5,234</u>	<u>22,416</u>	<u>771</u>	<u>64,701</u>
Accumulated depreciation						
Intercompany transfer	1,216	7,960	4,482	11,550	400	25,608
Disposals	-	-	-	-	(384)	(384)
Depreciation charge	161	698	177	3,244	37	4,317
At 30 June 2000	<u>1,377</u>	<u>8,658</u>	<u>4,659</u>	<u>14,794</u>	<u>53</u>	<u>29,541</u>
Net book value						
At 30 June 2000	<u>24,362</u>	<u>1,883</u>	<u>575</u>	<u>7,622</u>	<u>718</u>	<u>35,160</u>

11. NON-CURRENT ASSETS - PROPERTIES UNDER DEVELOPMENT

This relates to the purchase of a number of floors of leasehold properties at 2 and 4 Shenton Way, Singapore, which are still under construction. The lease tenure of the properties is 99 years, commencing from 13 November 1995.

The properties under development are stated at their fair value determined by the directors based on an independent professional valuation carried out by CB Richard Ellis (Pte) Ltd, a company of professional surveyors, on 1 December 1999, on the basis of open market value for existing use.

NOTES TO THE FINANCIAL STATEMENTS

12. NON-CURRENT ASSETS - INVESTMENT IN SUBSIDIARIES

(a)	Name of subsidiaries	Principal activities	Country of business	Equity holding held by		Cost of investment The Company \$'000
				The Company %	Subsidiaries %	
	Singapore Exchange Securities Trading Limited (formerly known as Stock Exchange of Singapore Limited)	Conducting a securities exchange	Singapore	100	-	198,000
	Singapore Exchange Derivatives Trading Limited (formerly known as Singapore International Monetary Exchange Limited)	Conducting a financial futures exchange	Singapore	100	-	110,340
	The Central Depository (Pte) Limited	Provide clearing, depository and related services for securities transactions	Singapore	100	-	15,000
	Singapore Exchange IT Solutions Pte Limited (formerly known as Macrovision Systems Pte Ltd)	Provide computer services and maintenance, leasing and rental of software and hardware, developing applications and software maintenance	Singapore	100	-	#
	Macronet Information Pte Ltd	Provide corporate share registration and custody-related services	Singapore	-	100	-
	Options Clearing Company (Pte) Limited	Provide facilities for the registration of options relating to marketable securities	Singapore	-	100	-
	SGX America Ltd (formerly known as SIMEX America Ltd) *	Marketing and disseminating information about Singapore Exchange Derivatives Trading Limited	United States of America	-	100	-
	Securities Clearing and Computer Services (Pte) Limited	Dormant	Singapore	100	-	-
	CDP Nominees Pte Ltd	Dormant	Singapore	-	100	-
	CDP Nominees (II) Pte Ltd	Dormant	Singapore	-	100	-
	Asiaclear Pte Ltd	Dormant	Singapore	-	100	-
	Globalclear Pte Ltd	Dormant	Singapore	-	100	-
	# : \$2					323,340

* Company not required to be audited in the United States of America.

(b) Acquisition of subsidiaries

On 1 December 1999, in accordance with the Exchanges (Demutualisation and Merger) Act 1999, the Company acquired the entire share capital of Singapore Exchange Securities Trading Limited ["SGX-ST"] (formerly known as "Stock Exchange of Singapore Limited"), the Singapore Exchange Derivatives Trading Limited ["SGX-DT"] (formerly known as "Singapore International Monetary Exchange Limited"), and Securities Clearing and Computer Services (Pte) Limited.

39,600 shares of \$1 each were issued at a premium of \$4,999 to shareholders of SGX-ST, and 22,068 shares of \$1 each were issued at the same value to the shareholders of SGX-DT and the owners of seats. No shares were issued to the shareholders of Securities Clearing and Computer Services (Pte) Limited.

Details of the collective acquisitions are as follows:

	\$'000
Fair value of identifiable net assets of subsidiaries acquired:	
Investments	41,881
Fixed assets	133,244
Trade and other debtors	598,679
Cash	560,337
Trade and other creditors	(594,875)
	<u>739,266</u>
Consideration by way of issue of shares	(308,340)
Excess of fair value of net assets over consideration	<u>430,926</u>

The excess of fair value of net assets over consideration is accounted for in the following reserves:

	\$'000
General reserve	405,926
Clearing fund reserve	25,000
	<u>430,926</u>

Following the above-mentioned acquisition of subsidiaries, the Central Depository (Pte) Limited and Singapore Exchange IT Solutions Pte Limited (formerly known as "Macrovision Systems Pte Ltd"), both of which were subsidiaries of SGX-ST, were transferred at book cost of \$15,000,000 and \$2 respectively, for cash, to the Company.

13. NET ASSETS OF SECURITIES AND DERIVATIVES FIDELITY FUNDS

Fidelity funds are maintained by the futures and securities exchange subsidiaries, as required by Section 49A of the Futures Trading Act, and Section 75 of the Securities Industry Act respectively, as follows:

	\$'000
Securities exchange fidelity fund	30,027
Derivatives exchange fidelity fund	<u>20,010</u>
	<u>50,037</u>

The purpose of the securities exchange fidelity fund is to meet claims from persons who have suffered pecuniary losses in their dealings with member companies.

The purpose of the derivatives exchange fidelity fund is to compensate any person, other than an accredited investor, who suffers pecuniary loss because of a defalcation committed in the course of or in connection with the trading of a futures contract which is cleared or to be cleared by the derivatives subsidiary, SGX-DT, by a derivatives participant or by any representatives of any derivatives participant in relation to any money or other property which was entrusted to or received by that derivatives participant or by its representatives.

The assets of the funds belong to the respective exchange companies but are kept separate from all other assets, and are held in trust for the purposes set out in the Futures Trading Act and Securities Industry Act.

	THE GROUP \$'000
The assets of the securities and derivatives fidelity funds comprise:	
Fixed deposits	39,135
Government securities	5,000
Interest receivable	579
Bank balance	53
Due from general fund	<u>5,395</u>
	<u>50,162</u>
The liabilities of the securities and derivatives fidelity funds comprise:	
Other creditors	1
Provision for taxation	88
Deferred tax	<u>36</u>
	<u>125</u>
Net assets of securities and derivatives fidelity funds	<u>50,037</u>

14. SIMEX COMPENSATION FUND

In 1986, the derivatives subsidiary, SGX-DT, established the SIMEX Compensation Fund ("Fund") for the primary purpose of providing compensation to customers of any futures member who suffer, sustain or incur a loss in consequence of the default of that futures member meeting its obligations. The Deed of Settlement dated 25 November 1986 states that upon the winding up of the Fund, the net assets of the Fund shall be distributed in such proportion as the Trustees think fit, to a fund having objects sufficiently similar to the Fund, to SGX-DT or to such charitable institutions or other charitable objects.

For the period ended 30 June 2000, no provision was made for contribution to the Fund.

At 30 June 2000, the balance in the Fund amounted to approximately \$30,005,000 and is invested in net assets as follows:

	\$'000
Current assets	
Fixed deposits and bank balances and interest received	21,728
Quoted bonds, at market value	6,998
Government securities, at market value	1,528
	<u>30,254</u>
Current liability	
Taxation	171
Non current liability	
Deferred taxation	78
Net assets	<u>30,005</u>

The Fund is not included in the Group's balance sheet as it is set up as a trust.

15. CURRENT LIABILITIES - TRADE CREDITORS

	THE GROUP \$'000	THE COMPANY \$'000
Trade creditors comprise:		
Payables to clearing members - daily settlements of accounts for due contracts and rights	319,933	-
Deposits received	1,170	-
Other trade creditors	2,837	-
	<u>323,940</u>	<u>-</u>

16. CURRENT LIABILITIES - OTHER CREDITORS

	THE GROUP \$'000	THE COMPANY \$'000
Other creditors comprise:		
Accrued operating expenses	9,601	1,680
Provision for bonus and CPF	6,012	4,298
Interest payable to members	3,772	-
Advance receipts	3,652	50
Others	385	102
	<u>23,422</u>	<u>6,130</u>

17. SHARE CAPITAL OF SINGAPORE EXCHANGE LIMITED

(a) Authorised ordinary share capital

The authorised number of ordinary shares is 1,000,000,000 with a par value of \$1 per share.

(b) Issued ordinary share capital

Ordinary shares of \$1 each, fully paid

THE COMPANY
\$'000
62

The Company, formerly known as Letz Limited, was incorporated on 21 August 1999 with an issued capital of \$2 comprising two subscriber shares of \$1 each. During the financial period, the Company changed its name to Singapore Exchange Limited and pursuant to the Exchanges (Demutualisation and Merger) Act 1999, increased its issued ordinary share capital from \$2 to \$61,670 by the issue of 61,668 shares of \$1 each at a premium of \$4,999 per share, in exchange for the entire share capital of Singapore Exchange Securities Trading Limited (formerly known as Stock Exchange of Singapore Limited), Singapore Exchange Derivatives Trading Limited (formerly known as Singapore International Monetary Exchange Limited) and Securities Clearing and Computer Services Pte Limited.

The newly issued shares rank pari passu in all respects with the previously issued shares.

(c) Outstanding options

As at 30 June 2000, there were 616 outstanding options to subscribe for ordinary share of \$1 each exercisable from 25 April 2001 for a period of ten years.

The terms of the exercise of options are set out in the Directors' Report under the caption "Share Options".

18. PROFIT BEFORE TAX

	THE GROUP \$'000	THE COMPANY \$'000
(a) Profit before tax is arrived at after:		
Charging:		
Auditors' remuneration	145	40
Depreciation of fixed assets		
- Freehold and leasehold land and buildings	164	161
- Improvement to leasehold premises	998	698
- Furniture, fittings and office equipment	711	177
- Computers	10,175	3,244
- Motor vehicles	76	37
Write-down of fixed asset	-	5,155
Directors' remuneration [refer (b)]	817	817
Net foreign exchange loss	369	-
Net loss on revaluation of investments	343	-
Loss on disposal of fixed assets	27	-
Rental expenses - operating leases	8,655	5,786
And crediting:		
Rental income from subsidiary	-	38
Writeback of provision for doubtful trade debts	383	-
Gross dividend income from subsidiaries	-	610,500
Interest income		
- Fixed deposits	8,617	5,332
- Quoted loan stocks and bonds	788	788
- Unquoted investments	201	201
- Others	731	10
Gain on disposal of fixed assets	68	68
Net gain on revaluation of investments	-	183
		THE GROUP
(b) Remuneration bands of directors of the Company		
Number of directors of the Company in remuneration bands:		
\$500,000 and above		-
\$250,000 to \$499,999		2
Below \$250,000		6
Total		<u>8</u>

(a) Tax expense

	THE GROUP \$'000	THE COMPANY \$'000
Tax expense attributable to profit is made up of:		
Current income tax provision	19,007	157,711
Deferred income tax provision	1,091	-
	<u>20,098</u>	<u>157,711</u>

(b) Tax reconciliation

The income tax expense on the results of the Group for the period is lower than the amount of income tax determined by applying the Singapore standard rate of income tax on companies to profit before taxation mainly due to:

- (i) income arising from the derivative operations of a subsidiary on the futures exchange being exempted from Singapore income tax to the year 2003; and
- (ii) offset by certain expenses not allowable for income tax purposes.

(c) Movements in provision for current tax

	THE GROUP \$'000	THE COMPANY \$'000
Balance on acquisition of subsidiaries	36,739	-
Income tax paid	(18,205)	(155,677)
Current financial period's tax expense on profit	19,007	157,711
Balance at the end of the financial period	<u>37,541</u>	<u>2,034</u>

(d) Composition of deferred tax

Provision for deferred tax comprises the estimated expense at current income tax rates on the following items:

	THE GROUP \$'000	THE COMPANY \$'000
Difference in depreciation and amortisation of fixed assets for accounting and income tax purposes	2,294	-
Other differences	1,258	-
	<u>3,552</u>	<u>-</u>

(e) **Movements in provision for deferred tax**

	THE GROUP \$'000	THE COMPANY \$'000
Balance on acquisition of subsidiaries	2,461	-
Current financial period's tax expense on profit	1,091	-
Balance at the end of the financial period	3,552	-

20. EARNINGS PER SHARE

	THE GROUP \$'000
Profit after tax	62,225
Profit after tax and contribution to fidelity funds	58,075
Number of ordinary shares in issue for basic earnings per share	61,670
Adjustment for assumed conversion of share options	176
Weighted average number of ordinary shares for diluted earnings per share	61,846

Basic earnings per share is calculated as follows:

- (i) by dividing the profit after tax by the number of ordinary shares in issue during the period in which the Group was operational; and
- (ii) by dividing the profit after tax and contribution to fidelity funds by the number of ordinary shares in issue during the period in which the Group was operational.

For the diluted earnings per share the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares being the share options granted to a director.

In determining the diluted earnings per share a calculation is performed to determine the number of shares that could have been acquired at fair value. This calculation serves to determine the 'unpurchased' shares to be added to the ordinary shares outstanding for the purpose of computing the dilution; for the share options calculation no adjustment is made to profit after tax attributable to members of Singapore Exchange Limited, which may arise from any change in income or expense that would arise from the conversion of the share options.

NOTES TO THE FINANCIAL STATEMENTS

21. SEGMENT INFORMATION

	Securities Trading and Clearing \$'000	Derivatives Trading and Clearing \$'000	Other Operations \$'000	The Group \$'000
SEGMENT REVENUE	99,883	28,997	7,265	136,145
RESULTS				
Segment results	72,024	6,249	5,039	83,312
Unallocated costs				(11,298)
Operating profit before tax				72,014
Interest income and other non-operating income				10,309
Income taxes				(20,098)
Net profit				62,225
OTHER INFORMATION				
Segment assets	711,985	2,595,644	7,245	3,314,874
Unallocated assets				357,946
Consolidated total assets				3,672,820
Segment liabilities	344,604	2,437,204	2,467	2,784,275
Unallocated liabilities				41,150
Consolidated total liabilities				2,825,425
Capital expenditure				
- Properties under development	-	-	-	25,130
- Others	3,174	1,865	1,704	6,743
Depreciation	3,794	3,990	4,340	12,124

The Group operates only in Singapore.

22. CONTINGENT LIABILITIES (UNSECURED)

At the balance sheet date, the derivatives subsidiary, SGX-DT, had unsecured contingent liabilities to banks for standby letters of credit issued by the banks to the Chicago Mercantile Exchange (“CME”) and the London Clearing House (“LCH”), in accordance with the mutual offset agreement between CME/LCH and SGX-DT, amounting to US\$41,000,000 and US\$2,500,000 respectively. These guarantees were given by SGX-DT to CME/LCH on behalf of clearing members as a margin for their open positions on CME/LCH. These contingent liabilities are supported by clearing members’ margin funds set out in Note 7.

23. COMMON BOND SYSTEM

The rules of the derivative subsidiary, SGX-DT, enable SGX-DT to mobilise substantial resources to meet any liabilities should a derivatives clearing member become insolvent and unable to pay its full losses to SGX-DT. The resources available to SGX-DT would be utilised in the following priority:

- (a) the defaulting derivatives clearing member’s margin deposits, security deposits, letters of credit and/or all other assets and securities of that derivatives clearing member;
- (b) surplus funds of SGX-DT which are in excess of funds necessary for normal operations;
- (c) up to one half of the SIMEX Compensation Fund (Note 14);
- (d) security deposits in equal amounts from each non-defaulting derivatives clearing member; and
- (e) further assessments on derivatives clearing members based on a formula that takes into consideration of their capital requirements and share of volume and open interest on SGX-DT (capped at \$8,000,000 if a letter of credit in that amount is posted with SGX-DT to comply with adjusted net capital requirements).

24. COMMITMENTS FOR EXPENDITURE

(a) Capital commitments

Capital commitments not provided for in the financial statements are as follows:

	THE GROUP \$'000	THE COMPANY \$'000
Expenditure contracted for		
- computers	26,682	-
- properties under development	122,459	-
	<u>149,141</u>	<u>-</u>

(b) Lease commitments

Commitments in relation to non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are payable as follows:

	THE GROUP \$'000	THE COMPANY \$'000
Not later than one financial year	17,808	10,333
Later than one financial year but not later than five financial years	34,532	25,831
Later than five financial years	4,834	4,154
	<u>57,174</u>	<u>40,318</u>

25. RELATED PARTY TRANSACTIONS

Certain directors are also directors of stockbroking or futures broking companies. The Group, in the normal course of business, enters into transactions under prevailing commercial terms and conditions with corporations with which these directors are either related or employed.

26. NUMBER OF EMPLOYEES

The number of employees as at 30 June 2000 was 718.

27. COMPARATIVES

There are no comparative figures as this is the Company's first financial period since incorporation. Auditors' Report - Pages 64 and 65.

“This Notice of Annual General Meeting and Proxy Form have been superceded.”