



Financial Statements for the Full Year Ended 30 June 2006

Financial statements on consolidated results for the full year ended 30 June 2006.

The figures have been audited. Please refer to the attached Auditors' Report.

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1. CEO's Statement

FY2006 was a year of records for SGX. SGX Group achieved its highest annual net profit of \$187.6 million since its listing in 2000, including a record quarterly profit of \$55.1 million for 4Q FY2006. The Group's return on equity for FY2006 has reached a new high of 32.0% from 22.0% in FY2005.

The directors are pleased to propose a final dividend per share of 11.7 cents, comprising a base dividend of 1.5 cents and a variable dividend of 10.2 cents. The full year total dividend of 16.2 cents represents a payout of 90%.

The directors are also pleased to raise the annual base dividend from 6.0 cents per share to 8.0 cents per share, from FY2007 onwards. This underscores our belief in the underlying growth of our business as well as our commitment to enhancing shareholder value.

Financials

The record trading turnover in the securities market, continued growth in the derivatives markets fueled by electronic migration and our repricing efforts have driven record operating revenue of \$407.6 million in the financial year, up 48.4% from the previous year. It is encouraging to note that derivatives and stable revenues contributed close to half of total operating revenue. Specifically, derivatives revenue almost doubled to \$95.6 million from the previous year, and strong growth in listing and price information income helped drive stable revenue growth by 27.1% to \$103.5 million.

Furthermore, our prospects are increasingly underpinned by our Asian Gateway initiatives (ie. Asian derivatives and foreign listings) which, by our analysis, generated approximately \$162 million of revenue during the financial year, or 40% of total operating revenue. This indicates the extent to which we have transcended our domestic market by positioning SGX as a regional market operator.

Along with the increase in revenue, operating expenses have also gone up, albeit at a lower rate by 28.3% to \$183.7 million. Variable bonuses have increased in line with the improvement of our overall financial performance. System maintenance costs rose on the back of the outsourcing of our data centre and hardware maintenance and support to Hewlett Packard. In addition, there was a \$4.8 million write-off relating to our decision to terminate work with a previous vendor on the development of an order management system. We now have the opportunity to strengthen our partnership with OMX to provide an integrated order management system geared towards the convergence of both securities and derivatives markets.

To put the increase in operating expenses into context, we have decreased our cost base in the FY2002 to FY2005 period. However, these historically low levels are not sustainable. To support continued growth of our revenues, there is a need to upgrade staff capabilities and technology infrastructure. The exchange business is driven by intellectual capital and robust technology. We will invest more to build for the future, whilst maintaining our cost discipline.

As previously indicated, the Group's premises at SGX Centre are a non-core asset. Given the improved property market conditions, we will proceed to request for proposals for the disposal of SGX Centre.

Derivatives Market

Our futures trading volume rose 48.9% to 33.9 million contracts for the financial year, from 22.8 million contracts in the last financial year. Asian Equity Derivatives continued to set the pace, with 64.9% year-on-year growth in volume on the back of growing demand for North Asian market exposure. The migration of contracts from floor to screen has contributed to the success of our derivatives market.

In FY2006, the average daily volume of our Euroyen contract surged 45%. This contract is the only product to still trade open outcry as well as electronically. We plan to close the floor by 29 September 2006 and expect revenues to grow given the recent changes in the interest rate environment.

The first internationally available futures contract based on the top 50 China “A” share stocks by market capitalization, the FTSE/Xinhua China A50 Index Futures contract, is expected to be launched on 5 September 2006. The lifting of restrictions in the “A” share market and the continued liberalization of capital markets in China should enhance the prospects of this contract.

Securities Market

The financial year saw a 52.1% jump year-on-year in daily average trading value to \$1.02 billion.

During the financial year the number of foreign listed companies grew to 33% of total listings. Of particular note following our efforts to upsize were the five foreign companies, each from a different market, with market capitalisation of over \$1 billion that chose to list on SGX.

With the listing of the 100th Chinese company on our exchange as at May 2006, companies from the mainland continue to draw strong investor interest. We further strengthened our listing collaboration in China by signing a Memorandum of Understanding with the Financial Affairs Office of the People’s Government of Liaoning Province in 4Q FY2006.

Sectoral focus has yielded results in the growing REITs and shipping sectors. Our REITs market is second only to Japan in Asia, in terms of number of listings and market capitalisation. During the financial year, a total of five REITs and four shipping companies (including the first shipping business trust) were listed.

We plan to introduce a new platform for companies at early stage of growth to raise capital by early 2007. Minimally regulated, the new board aims to provide more investor choice.

Structured Products

Reflecting the vibrancy of Singapore capital markets, structured warrants trading volume increased 169.8% to a record volume of 52.0 billion units in the financial year. The financial year’s trading value of \$12.5 billion represented 4.9% of the underlying equities market value.

Exchange Traded Funds (“ETF”) represent the next important wave of structured products. Our iShares MSCI India ETF, launched on 14 June 2006, was a ground-breaking product - the first outside India. In the next financial year, we expect to broaden this product class with issuers listing ETFs based on regional and country-specific equity indices, sector indices, commodities and regional currencies.

Post-Trade Processing Hub

As part of the initiative to improve our service delivery in clearing and settlement processing, we are launching SGX Prime in FY2007. SGX Prime will provide market participants with a broader range of services, the first of which will be pre-settlement matching. This will provide our customers with an enhanced Straight-Through-Processing environment.

Strategic Alliances

JADE, our joint venture with Chicago Board of Trade (“CBOT”), continues to progress in preparation for its 25 September 2006 launch. Asian-based commodity derivatives will be traded on CBOT’s electronic platform and cleared through SGX. This co-operation leverages on existing infrastructure and connectivity of both partners to reduce cost and time to market. JADE will start trading with a Natural Rubber futures contract. A Crude Palm Oil contract is expected to follow shortly thereafter.

Conclusion

SGX continues to sharpen its strategic focus to be an Asian Gateway. Our revenue streams have become more diversified. We are setting the pace as the portal of choice in the Asian time zone for international products.

2. Financial Highlights - Group

4Q				12 Months			Key Variances
***	FY 2006	FY 2005		***	FY 2006	FY 2005	
			Key Results (in S\$ million)				
↑	62.4	35.5	Securities market revenue	↑	208.5	143.7	<i>Driven by 77.0% and 51.5% increase in securities trading value in 4Q FY2006 and FY2006 respectively.</i>
↑	28.0	13.9	Net derivatives clearing revenue	↑	95.6	49.6	<i>Reflecting 68.3% and 48.9% increase in futures trading volume in 4Q FY2006 and FY2006 respectively, and significant growth in structured warrants activity.</i>
↑	30.4	23.8	Stable revenue	↑	103.5	81.4	<i>Due to higher listing related and price information income.</i>
↑	120.8	73.2	Operating revenue	↑	407.6	274.7	
↑	54.9	36.2	Operating expenses	↑	183.7	143.1	<i>Increase in 4Q FY2006 and FY2006, mainly due to higher variable bonus provision and system maintenance costs, and write-off of SGXTrade related hardware and software costs.</i>
↑	65.9	37.0	Operating profit	↑	223.9	131.6	
↑	3.7	(0.5)	Other gains/(losses)	↑	13.2	3.0	<i>Due to improvement in performance of the managed funds.</i>
↑	69.6	36.5	Profit before tax	↑	237.1	134.6	
↑	55.1	28.0	Profit attributable to equity holders	↑	187.6	104.4	
↑	73.3	40.2	EBITDA	↑	251.5	149.9	
↑	586.9	474.6	Shareholders' equity as at 30 June 2006 and 30 June 2005 (in S\$ million)	↑	586.9	474.6	
			Segment Revenue (in S\$ million)				
↑	84.4	52.4	Securities market	↑	281.9	197.3	<i>Driven by increase in securities trading turnover.</i>
↑	35.9	19.8	Derivatives market	↑	122.4	73.5	<i>Reflecting significant increase in futures and structured warrants activity.</i>
↓	0.5	1.0	Other operations	↓	3.2	3.9	
			Key ratios				
↑	65.0%	2.7%	Revenue growth	↑	48.4%	(13.1%)	<i>Improvement in all three major revenue categories.</i>
↓	45.5%	49.5%	Cost to income ratio	↓	45.1%	52.1%	<i>Revenue growth outpaced increase in expenses.</i>
↑	54.5%	50.5%	Operating profit margin	↑	54.9%	47.9%	<i>Significant growth in operating revenue with relatively moderate increase in expenses.</i>
↑	44.3%	38.5%	Net profit margin	↑	44.6%	37.6%	<i>Due to significant growth in operating profit and improvement in performance of the managed funds.</i>
↑	37.6%	23.6%	Return on shareholders' equity (annualised)	↑	32.0%	22.0%	

*** ↑ and ↓ represent an increase and decrease respectively, compared to the previous corresponding period.

2. Financial Highlights - Group (cont'd)

4Q				12 Months			Key Variances
***	FY 2006	FY 2005		***	FY 2006	FY 2005	
			Key cash flows (in S\$ million)				<i>Significantly better business performance for both 4Q FY2006 and FY2006.</i>
↑	83.7	31.1	Cash from operating activities	↑	227.2	100.8	
↑	7.5	6.2	Payment for capital expenditure	↑	18.5	16.0	
			Key per share data (in cents)				
↑	5.25	2.69	Basic earnings per ordinary share	↑	17.96	10.09	
↑	5.19	2.68	Diluted earnings per ordinary share	↑	17.78	10.05	
↑	55.89	45.54	Net asset value per ordinary share as at 30 June 2006 and 30 June 2005	↑	55.89	45.54	
			Net dividend per share (in cents)				
	NA	NA	Interim - base		4.50	4.20	
	NA	NA	- special		0.00	15.00	
	NA	NA	- total		4.50	19.20	
	NA	NA	Final - base		1.50	1.80	
	NA	NA	- variable		10.20	2.50	
	NA	NA	- total		11.70	4.30	
	NA	NA	Total for financial year		16.20	23.50	
							<i>Increase in total dividend payout.</i>

*** ↑ and ↓ represent an increase and decrease respectively, compared to the previous corresponding period.

3. Statement of Profit and Loss - Group

3 months				12 Months		
1 Apr 2006 to 30 Jun 2006	1 Apr 2005 to 30 Jun 2005	Change		1 Jul 2005 to 30 Jun 2006	1 Jul 2004 to 30 Jun 2005	Change
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
			Securities market revenue			
41,527	23,075	80.0	- Securities clearing fees	138,804	95,870	44.8
10,082	6,539	54.2	- Securities related processing fees	32,963	24,285	35.7
10,806	5,887	83.6	- Access fees	36,706	23,514	56.1
27,992	13,903	101.3	Net derivatives clearing revenue	95,576	49,615	92.6
			Stable revenue *			
7,399	6,050	22.3	- Account maintenance and corporate action fees	22,346	18,951	17.9
3,977	2,853	39.4	- Terminal and connection fees	13,677	10,837	26.2
9,742	6,640	46.7	- Listing and membership fees	33,088	22,426	47.5
5,255	4,184	25.6	- Price information fees	19,143	15,821	21.0
2,014	1,946	3.5	- Sale of software and other computer services	7,466	7,014	6.4
1,967	2,111	(6.8)	- Others	7,791	6,381	22.1
120,761	73,188	65.0	Total operating revenue	407,560	274,714	48.4
			Operating expenses			
12,126	13,021	(6.9)	- Staff costs (excluding variable bonus)	49,593	52,762	(6.0)
9,866	(143)	NM	- Variable bonus (including CPF)	33,100	11,099	198.2
1,733	5,468	(68.3)	- Occupancy costs	12,239	16,007	(23.5)
10,568	5,691	85.7	- System maintenance and rental	28,666	17,963	59.6
3,632	3,596	1.0	- Depreciation and amortisation	14,259	15,213	(6.3)
3,608	2,834	27.3	- Professional charges	13,003	7,633	70.4
2,778	778	257.1	- Marketing and travelling	5,682	3,720	52.7
720	799	(9.9)	- Communication charges	2,557	2,844	(10.1)
575	575	-	- Fees to MAS for transfer of participant supervision function	2,300	2,300	-
(242)	264	NM	- Allowance/(reversal) for impairment of trade receivables (net)	168	(86)	NM
(266)	(815)	(67.4)	- Provision for surplus leased premises	(2,685)	(2,915)	(7.9)
4,778	-	NM	- Net write-off/impairment of property, plant and equipment and software	4,865	-	NM
209	(70)	NM	- Net foreign exchange loss/(gain)	606	49	1,136.7
2	36	(94.4)	- Net (gain)/loss on disposal of property, plant and equipment and software	49	59	(16.9)
3,519	2,042	72.3	- Cost for processing and royalties	14,201	11,160	27.2
24	107	(77.6)	- Finance charges	148	107	38.3
1,261	2,039	(38.2)	- Others	4,901	5,197	(5.7)
54,891	36,222	51.5	Total operating expenses	183,652	143,112	28.3
65,870	36,966	78.2	Profit/(loss) from operating activities	223,908	131,602	70.1
			Other gains/(losses)			
2,401	(1,105)	NM	- Gains/(losses) on financial assets at fair value through profit or loss	10,469	642	1,530.7
1,356	656	106.7	- Other revenue including interest income	2,702	2,384	13.3
69,627	36,517	90.7	Profit/(loss) before tax and share of results of joint ventures	237,079	134,628	76.1
(694)	2	NM	Share of results of joint ventures	(949)	(27)	3,414.8
(13,810)	(8,540)	61.7	Tax	(48,516)	(30,242)	60.4
55,123	27,979	97.0	Net profit after tax	187,614	104,359	79.8
			Attributable to:			
55,123	27,979	97.0	Equity holders of the Company	187,614	104,366	79.8
-	-	-	Minority interests	-	(7)	(100.0)
55,123	27,979	97.0		187,614	104,359	79.8

NM: Not meaningful.

* Stable revenue includes items which are not driven by securities or derivatives turnover.

4. Earnings Per Share - Group

3 Months			12 Months	
1 Apr 2006 to 30 Jun 2006	1 Apr 2005 to 30 Jun 2005		1 Jul 2005 to 30 Jun 2006	1 Jul 2004 to 30 Jun 2005
Cents	Cents	Earnings per ordinary share for the period based on net profit attributable to equity holders	Cents	Cents
5.25	2.69	(a) Based on weighted average number of ordinary shares in issue	17.96	10.09
5.19	2.68	(b) On a fully diluted basis	17.78	10.05
1,049,278	1,039,462	Weighted average number of ordinary shares in issue for basic earnings per share ('000)	1,044,851	1,034,242
13,025	6,268	Adjustment for assumed exercise of share options ('000)	10,618	3,963
1,062,303	1,045,730	Weighted average number of ordinary shares for diluted earnings per share ('000)	1,055,469	1,038,205

5. Statement of Profit and Loss - Company

3 months				12 Months		
1 Apr 2006 to 30 Jun 2006	1 Apr 2005 to 30 Jun 2005	Change		1 Jul 2005 to 30 Jun 2006	1 Jul 2004 to 30 Jun 2005	Change
S\$'000	S\$'000	%		S\$'000	S\$'000	%
			Operating revenue			
22,328	19,235	16.1	- Management fees from subsidiaries	87,314	67,563	29.2
64,190	75,000	(14.4)	- Dividends from subsidiaries	180,565	328,200	(45.0)
			Securities market revenue			
2,360	1,378	71.3	- Securities related processing fees	7,776	5,827	33.4
			Stable revenue *			
323	171	88.9	- Account maintenance and corporate action fees	1,060	723	46.6
529	438	20.8	- Sale of software and other computer services	2,069	1,819	13.7
427	564	(24.3)	- Others	2,367	2,203	7.4
90,157	96,786	(6.8)	Total operating revenue	281,151	406,335	(30.8)
			Operating expenses			
8,137	9,690	(16.0)	- Staff costs (excluding variable bonus)	34,510	35,402	(2.5)
7,598	587	1,194.4	- Variable bonus (including CPF)	25,586	7,723	231.3
1,624	3,528	(54.0)	- Occupancy costs	8,844	10,608	(16.6)
1,277	1,007	26.8	- System maintenance and rental	6,124	3,818	60.4
1,750	1,788	(2.1)	- Depreciation and amortisation	6,955	7,730	(10.0)
1,316	1,248	5.4	- Professional charges	5,539	3,868	43.2
1,096	(414)	NM	- Marketing and travelling	2,263	1,113	103.3
399	412	(3.2)	- Communication charges	1,574	1,415	11.2
575	575	-	- Fees to MAS for transfer of participant supervision function	2,300	2,300	-
76	-	NM	- Allowance/(reversal) for impairment of trade receivables (net)	76	73	4.1
(213)	(636)	(66.5)	- Provision for surplus leased premises	(2,151)	(2,242)	(4.1)
1	(3)	NM	- Net foreign exchange loss/(gain)	2	(1)	NM
2	524	(99.6)	- Net (gain)/loss on disposal of property, plant and equipment and software	2	542	(99.6)
305	483	(36.9)	- Cost for processing and royalties	1,408	1,500	(6.1)
-	-	-	- Finance charges	1	-	NM
1,214	1,969	(38.3)	- Others	4,309	4,696	(8.2)
25,157	20,758	21.2	Total operating expenses	97,342	78,545	23.9
65,000	76,028	(14.5)	Profit/(loss) from operating activities	183,809	327,790	(43.9)
			Other gains/(losses)			
3,117	(6,088)	NM	- Gains/(losses) on financial assets at fair value through profit or loss	8,175	3,750	118.0
68,117	69,940	(2.6)	Profit/(loss) before tax	191,984	331,540	(42.1)
(2,495)	(16,180)	(84.6)	Tax	(17,350)	(65,588)	(73.5)
65,622	53,760	22.1	Profit/(loss) attributable to equity holders of the company	174,634	265,952	(34.3)

NM: Not meaningful.

* Stable revenue includes items which are not driven by securities or derivatives turnover.

6. Half Yearly Statement of Profit and Loss - Group and Company

Group			Period	Company		
FY2006	FY2005	Change		FY2006	FY2005	Change
S\$'000	S\$'000	%		S\$'000	S\$'000	%
			<u>First Half Year</u>			
			Operating revenue reported for the first half year			
-	-	-	- Management fees from subsidiaries	40,599	32,789	23.8
-	-	-	- Dividends from subsidiaries	83,375	100,000	(16.6)
			Securities market revenue			
58,395	47,589	22.7	- Securities clearing fees	-	-	-
15,065	11,606	29.8	- Securities related processing fees	3,338	2,847	17.2
16,183	11,359	42.5	- Access fees	-	-	-
41,039	23,242	76.6	Net derivatives clearing revenue	-	-	-
			Stable revenue *			
10,640	9,203	15.6	- Account maintenance and corporate action fees	474	366	29.5
6,303	5,094	23.7	- Terminal and connection fees	-	-	-
13,939	11,005	26.7	- Listing and membership fees	-	-	-
8,721	7,598	14.8	- Price information fees	-	-	-
3,784	2,898	30.6	- Sale of software and other computer services	1,056	919	14.9
3,586	2,847	26.0	- Others	1,415	1,034	36.8
177,655	132,441	34.1	Total operating revenue	130,257	137,955	(5.6)
82,373	50,191	64.1	Profit/(loss) reported for the first half year	72,194	86,019	(16.1)
			<u>Second Half Year</u>			
			Operating revenue reported for the second half year			
-	-	-	- Management fees from subsidiaries	46,715	34,774	34.3
-	-	-	- Dividends from subsidiaries	97,190	228,200	(57.4)
			Securities market revenue			
80,409	48,281	66.5	- Securities clearing fees	-	-	-
17,898	12,679	41.2	- Securities related processing fees	4,438	2,980	48.9
20,523	12,155	68.8	- Access fees	-	-	-
54,537	26,373	106.8	Net derivatives clearing revenue	-	-	-
			Stable revenue *			
11,706	9,748	20.1	- Account maintenance & corporate action fees	586	357	64.1
7,374	5,743	28.4	- Terminal and connection fees	-	-	-
19,149	11,421	67.7	- Listing and membership fees	-	-	-
10,422	8,223	26.7	- Price information fees	-	-	-
3,682	4,116	(10.5)	- Sale of software and other computer services	1,013	900	12.6
4,205	3,534	19.0	- Others	952	1,169	(18.6)
229,905	142,273	61.6	Total operating revenue	150,894	268,380	(43.8)
105,241	54,168	94.3	Profit/(loss) reported for the second half year	102,440	179,933	(43.1)

NM: Not meaningful.

* Stable revenue includes items which are not driven by securities or derivatives turnover.

7. Balance Sheets - Group and Company

Group			Company	
As at 30 Jun 2006	As at 30 Jun 2005		As at 30 Jun 2006	As at 30 Jun 2005
S\$'000	S\$'000		S\$'000	S\$'000
		Assets		
		Current assets		
245,978	117,882	Cash and cash equivalents	99,222	6,353
289,961	490,763	Trade and other receivables	6,488	3,349
151,862	152,236	Financial assets at fair value through profit or loss	-	-
36,666	36,201	Securities clearing funds	-	-
724,467	797,082		105,710	9,702
		Non-current assets		
202,173	209,229	Property, plant and equipment	23,614	29,365
26,002	19,485	Software	1,683	1,556
407	582	Club memberships	407	582
-	-	Investments in subsidiaries	581,381	581,381
4,228	177	Investments in joint ventures	-	-
-	2,287	Deferred tax assets	-	-
232,810	231,760		607,085	612,884
957,277	1,028,842	Total assets	712,795	622,586
		Liabilities		
		Current liabilities		
296,006	490,627	Trade and other payables	166,769	172,720
117	1,170	Derivative financial instruments	117	1,170
2,525	2,004	Finance lease liabilities	-	-
51,821	37,050	Taxation	7,190	6,688
4,649	8,144	Provisions	1,090	3,762
11,666	11,201	Securities clearing funds - members' contributions	-	-
366,784	550,196		175,166	184,340
		Non-current liabilities		
1,184	2,778	Finance lease liabilities	-	-
2,450	1,299	Deferred tax liabilities	428	355
3,634	4,077		428	355
370,418	554,273	Total liabilities	175,594	184,695
586,859	474,569	Net assets	537,201	437,891
		Equity		
		Capital and reserves attributable to the Company's equity holders		
378,452	10,421	Share capital	378,452	10,421
-	353,012	Share premium	-	353,012
25,000	25,000	Securities clearing funds reserve	-	-
8,243	6,694	Share-based payment reserve	8,243	6,694
52,308	34,633	Retained profits	27,650	22,955
122,856	44,809	Proposed dividends	122,856	44,809
586,859	474,569	Interest of equity holders of the Company	537,201	437,891
586,859	474,569	Total equity	537,201	437,891

8. Net Asset Value - Group and Company

Group			Company	
As at 30 Jun 2006	As at 30 Jun 2005		As at 30 Jun 2006	As at 30 Jun 2005
Cents	Cents		Cents	Cents
55.89	45.54	Net asset value per ordinary share based on issued share capital as at the end of the reporting period	51.16	42.02

9. Borrowings and Debt Securities - Group

(a) Aggregate amount of Group's borrowings and debt securities

As at 30 Jun 2006			As at 30 Jun 2005	
Secured	Unsecured		Secured	Unsecured
S\$'000	S\$'000		S\$'000	S\$'000
Nil	2,525	Amount repayable in one year or less, or on demand	Nil	2,004
Nil	1,184	Amount repayable after one year	Nil	2,778

(b) Details of any collaterals

None.

10. Statement of Cash Flow - Group

3 Months Ended			12 Months Ended	
30 Jun 2006	30 Jun 2005		30 Jun 2006	30 Jun 2005
S\$'000	S\$'000		S\$'000	S\$'000
		Cash flows from operating activities		
69,627	36,517	Profit before tax and share of results of joint ventures	237,079	134,628
		Adjustments for:		
3,632	3,596	Depreciation and amortisation	14,259	15,213
4,778	-	Net write-off/impairment of property, plant and equipment and software	4,865	-
-	-	Disposal of club membership	175	-
392	941	Net (gain)/loss on financial assets at fair value through profit or loss	(8,923)	(642)
2	36	Net (gain)/loss on disposal of property, plant and equipment and software	49	59
(2,791)	170	Net (gain)/loss on disposal of financial assets at fair value through profit or loss	(1,546)	170
(266)	(815)	Provision for surplus leased premises	(2,685)	(2,915)
773	1,441	Share-based payment expense	4,236	5,096
24	107	Finance charges	148	107
(2,000)	(999)	Interest income	(5,208)	(3,901)
74,171	40,994	Operating cash flow before working capital change	242,449	147,815
		Change in operating assets and liabilities		
175,635	(185,257)	Trade and other receivables	211,547	(206,916)
(162,701)	179,670	Trade and other payables	(196,484)	195,509
87,105	35,407	Cash generated from operations	257,512	136,408
(3,366)	(4,345)	Income tax paid	(30,307)	(35,621)
83,739	31,062	Net cash provided by operating activities	227,205	100,787
		Cash flows from investing activities		
(7,471)	(6,198)	Purchases of property, plant and equipment and software	(18,473)	(16,013)
-	869	Proceeds from disposal of property, plant & equipment and software	145	1,018
(10,073)	-	Purchases of financial assets at fair value through profit or loss	(77,015)	(154,661)
2,185	1,278	Interest received	4,817	3,865
-	-	Investment in joint venture	(5,000)	-
-	-	Acquisition of shares from minority shareholders	-	(565)
10,217	7,328	Proceeds from sale/redemption of financial assets at fair value through profit or loss	77,505	7,328
(5,142)	3,277	Net cash used in investing activities	(18,021)	(159,028)
		Cash flows from financing activities		
2,074	4,967	Net proceeds from issue of ordinary shares	12,332	12,295
(15,742)	(170,800)	Dividends paid	(91,892)	(287,024)
-	(1,292)	Repayment of lease liabilities	(1,380)	(1,292)
(24)	(107)	Finance charges	(148)	(107)
(13,692)	(167,232)	Net cash used in financing activities	(81,088)	(276,128)
64,905	(132,893)	Net increase/(decrease) in cash and cash equivalents held	128,096	(334,369)
181,073	250,775	Cash and cash equivalents at the beginning of the period	117,882	452,251
245,978	117,882	Cash and cash equivalents at the end of the period	245,978	117,882

11(a). Statement of Changes in Equity - Group and Company

	Attributable to equity holders of the Company								Total Equity \$'000
	Share capital	Share premium *	Securities clearing funds reserve *	Cash flow hedge reserve *	Share-based payment reserve	Retained profits	Proposed dividends	Total	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
(i) Consolidated - 4Q FY2006									
Balance at 1 April 2006	375,710	-	25,000	-	8,138	120,052	-	528,900	528,900
Total recognised gains for the financial period - net profit	-	-	-	-	-	55,123	-	55,123	55,123
Dividends paid									
Underprovision of interim dividends - 3Q FY2006	-	-	-	-	-	(11)	-	(11)	(11)
Proposed dividends									
Final dividends - FY2006	-	-	-	-	-	(122,856)	122,856	-	-
Issue of ordinary shares	2,742	-	-	-	(668)	-	-	2,074	2,074
Employee share plan - value of employee services	-	-	-	-	773	-	-	773	773
Balance at 30 June 2006	378,452	-	25,000	-	8,243	52,308	122,856	586,859	586,859
(ii) Consolidated - 4Q FY2005									
Balance at 1 April 2005									
As previously reported	10,369	348,097	25,000	134	-	57,462	-	441,062	441,062
- Effect on adoption of FRS 102	-	-	-	-	5,253	(5,253)	-	-	-
- As restated	10,369	348,097	25,000	134	5,253	52,209	-	441,062	441,062
Transfer to income statement	-	-	-	(134)	-	-	-	(134)	(134)
Net profit									
As previously reported	-	-	-	-	-	29,420	-	29,420	29,420
Effect of adoption of FRS 102	-	-	-	-	-	(1,441)	-	(1,441)	(1,441)
As restated	-	-	-	-	-	27,979	-	27,979	27,979
Total recognised gains for the financial period	-	-	-	(134)	-	27,979	-	27,845	27,845
Dividends paid									
Underprovision of interim dividends - FY2005	-	-	-	-	-	(63)	-	(63)	(63)
Underprovision of interim special dividends - FY2005	-	-	-	-	-	(683)	-	(683)	(683)
Proposed dividends									
Final dividends - FY2005	-	-	-	-	-	(44,809)	44,809	-	-
Issue of ordinary shares	52	4,915	-	-	-	-	-	4,967	4,967
Employee share plan - value of employee services	-	-	-	-	1,441	-	-	1,441	1,441
Balance at 30 June 2005 - Restated	10,421	353,012	25,000	-	6,694	34,633	44,809	474,569	474,569
(iii) Company - 4Q FY2006									
Balance at 1 April 2006	375,710	-	-	-	8,138	84,895	-	468,743	468,743
Total recognised gains for the financial period - net profit	-	-	-	-	-	65,622	-	65,622	65,622
Dividends paid									
Underprovision of interim dividends - 3Q FY2006	-	-	-	-	-	(11)	-	(11)	(11)
Proposed dividends									
Final dividends - FY2006	-	-	-	-	-	(122,856)	122,856	-	-
Issue of ordinary shares	2,742	-	-	-	(668)	-	-	2,074	2,074
Employee share plan - value of employee services	-	-	-	-	773	-	-	773	773
Balance at 30 June 2006	378,452	-	-	-	8,243	27,650	122,856	537,201	537,201
(iv) Company - 4Q FY2005									
Balance at 1 April 2005									
As previously reported	10,369	348,097	-	-	-	20,003	-	378,469	378,469
- Effect on adoption of FRS 102	-	-	-	-	5,253	(5,253)	-	-	-
- As restated	10,369	348,097	-	-	5,253	14,750	-	378,469	378,469
Net profit									
As previously reported	-	-	-	-	-	55,201	-	55,201	55,201
Effect of adoption of FRS 102	-	-	-	-	-	(1,441)	-	(1,441)	(1,441)
As restated	-	-	-	-	-	53,760	-	53,760	53,760
Total recognised gains for the financial period - net profit	-	-	-	-	-	53,760	-	53,760	53,760
Dividends paid									
Underprovision of interim dividends - FY2005	-	-	-	-	-	(63)	-	(63)	(63)
Underprovision of interim special dividends - FY2005	-	-	-	-	-	(683)	-	(683)	(683)
Proposed dividends									
Final dividends - FY2005	-	-	-	-	-	(44,809)	44,809	-	-
Issue of ordinary shares	52	4,915	-	-	-	-	-	4,967	4,967
Employee share plan - value of employee services	-	-	-	-	1,441	-	-	1,441	1,441
Balance at 30 June 2005 - Restated	10,421	353,012	-	-	6,694	22,955	44,809	437,891	437,891

* These non-distributable reserves are not available for distribution as cash dividends to the equity holders of the Company.

11 (b). Statement of Changes in Equity - Group and Company

	Attributable to equity holders of the Company								Minority interests \$'000	Total Equity \$'000
	Share capital	Share premium	Securities clearing funds reserve *	Cash flow hedge reserve	Share-based payment reserve*	Retained profits	Proposed dividends	Total		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
(v) Consolidated - 12 Months FY2006										
Balance at 1 July 2005										
As previously reported	10,421	353,012	25,000	-	-	41,327	44,809	474,569	-	474,569
- Effect on adoption of FRS 102	-	-	-	-	6,694	(6,694)	-	-	-	-
- As restated	10,421	353,012	25,000	-	6,694	34,633	44,809	474,569	-	474,569
Net profit for the financial period	-	-	-	-	-	187,614	-	187,614	-	187,614
Total recognised gains for the financial period	-	-	-	-	-	187,614	-	187,614	-	187,614
Dividends paid										
Final dividends - FY2005	-	-	-	-	-	-	(44,839)	(44,839)	-	(44,839)
Underprovision of final dividends - FY2005	-	-	-	-	-	(30)	30	-	-	-
Interim dividends - FY2006	-	-	-	-	-	(47,025)	-	(47,025)	-	(47,025)
Underprovision of interim dividends - FY2006	-	-	-	-	-	(28)	-	(28)	-	(28)
Proposed dividends										
Final dividends - FY2006	-	-	-	-	-	(122,856)	122,856	-	-	-
Effect of Companies (Amendment) Act 2005 (note (a))	354,643	(354,643)	-	-	-	-	-	-	-	-
Issue of ordinary shares	13,388	1,631	-	-	(2,687)	-	-	12,332	-	12,332
Employee share plan - value of employee services	-	-	-	-	-	-	-	4,236	-	4,236
Balance at 30 June 2006	378,452	-	25,000	-	8,243	52,308	122,856	586,859	-	586,859
(vi) Consolidated - 12 Months FY2005										
Balance at 1 July 2004										
As previously reported	10,294	340,844	25,000	612	-	176,609	87,089	640,448	570	641,018
- Effect on adoption of FRS 102	-	-	-	-	1,598	(1,598)	-	-	-	-
- As restated	10,294	340,844	25,000	612	1,598	175,011	87,089	640,448	570	641,018
Currency exchange loss	-	-	-	196	-	-	-	196	-	196
Transfer to income statement	-	-	-	(808)	-	-	-	(808)	-	(808)
Net profit										
As previously reported	-	-	-	-	-	109,462	-	109,462	(570)	108,892
Effect of adoption of FRS 102	-	-	-	-	-	(5,096)	-	(5,096)	-	(5,096)
As restated	-	-	-	-	-	104,366	-	104,366	(570)	103,796
Total recognised gains for the financial period	-	-	-	(612)	-	104,366	-	103,754	(570)	103,184
Dividends paid										
Final dividends - FY2004	-	-	-	-	-	-	(87,221)	(87,221)	-	(87,221)
Underprovision of final dividends - FY2004	-	-	-	-	-	(132)	132	-	-	-
Interim dividends - FY2005	-	-	-	-	-	(43,583)	-	(43,583)	-	(43,583)
Interim special dividends - FY2005	-	-	-	-	-	(156,220)	-	(156,220)	-	(156,220)
Proposed dividends										
Final dividends - FY2005	-	-	-	-	-	(44,809)	44,809	-	-	-
Issue of ordinary shares	127	12,168	-	-	-	-	-	12,295	-	12,295
Employee share plan - value of employee services	-	-	-	-	5,096	-	-	5,096	-	5,096
Balance at 30 June 2005 - Restated	10,421	353,012	25,000	-	6,694	34,633	44,809	474,569	-	474,569
(vii) Company - 12 months FY2006										
Balance at 1 July 2005										
As previously reported	10,421	353,012	-	-	-	29,649	44,809	437,891	-	437,891
- Effect on adoption of FRS 102	-	-	-	-	6,694	(6,694)	-	-	-	-
- As restated	10,421	353,012	-	-	6,694	22,955	44,809	437,891	-	437,891
Total recognised gains for the financial period - net profit	-	-	-	-	-	174,634	-	174,634	-	174,634
Dividends paid										
Final dividends - FY2005	-	-	-	-	-	-	(44,839)	(44,839)	-	(44,839)
Underprovision of final dividends - FY2005	-	-	-	-	-	(30)	30	-	-	-
Interim dividends - FY2006	-	-	-	-	-	(47,025)	-	(47,025)	-	(47,025)
Underprovision of interim dividends - FY2006	-	-	-	-	-	(28)	-	(28)	-	(28)
Proposed dividends										
Final dividends - FY2006	-	-	-	-	-	(122,856)	122,856	-	-	-
Effect of Companies (Amendment) Act 2005 (note (a))	354,643	(354,643)	-	-	-	-	-	-	-	-
Issue of ordinary shares	13,388	1,631	-	-	(2,687)	-	-	12,332	-	12,332
Employee share plan - value of employee services	-	-	-	-	-	4,236	-	4,236	-	4,236
Balance at 30 June 2006	378,452	-	-	-	8,243	27,650	122,856	537,201	-	537,201
(viii) Company - 12 Months FY2005										
Balance at 1 July 2004										
As previously reported	10,294	340,844	-	-	-	3,345	87,089	441,572	-	441,572
- Effect on adoption of FRS 102	-	-	-	-	1,598	(1,598)	-	-	-	-
- As restated	10,294	340,844	-	-	1,598	1,747	87,089	441,572	-	441,572
Net profit										
As previously reported	-	-	-	-	-	271,048	-	271,048	-	271,048
Effect of adoption of FRS 102	-	-	-	-	-	(5,096)	-	(5,096)	-	(5,096)
As restated	-	-	-	-	-	265,952	-	265,952	-	265,952
Total recognised gains for the financial period - net profit	-	-	-	-	-	265,952	-	265,952	-	265,952
Dividends paid										
Final dividends - FY2004	-	-	-	-	-	-	(87,221)	(87,221)	-	(87,221)
Underprovision of final dividends - FY2004	-	-	-	-	-	(132)	132	-	-	-
Interim dividends - FY2005	-	-	-	-	-	(43,583)	-	(43,583)	-	(43,583)
Interim special dividends - FY2005	-	-	-	-	-	(156,220)	-	(156,220)	-	(156,220)
Proposed dividends										
Final dividends - FY2005	-	-	-	-	-	(44,809)	44,809	-	-	-
Issue of ordinary shares	127	12,168	-	-	-	-	-	12,295	-	12,295
Employee share plan - value of employee services	-	-	-	-	5,096	-	-	5,096	-	5,096
Balance at 30 June 2005 - Restated	10,421	353,012	-	-	6,694	22,955	44,809	437,891	-	437,891

* These non-distributable reserves are not available for distribution as cash dividends to the equity holders of the Company.

Note (a) : Under the Companies (Amendment) Act 2005 effective 30 January 2006, the concepts of par value and authorised share capital are abolished and the amount in the share premium account as of 30 January 2006 becomes part of the company's share capital.

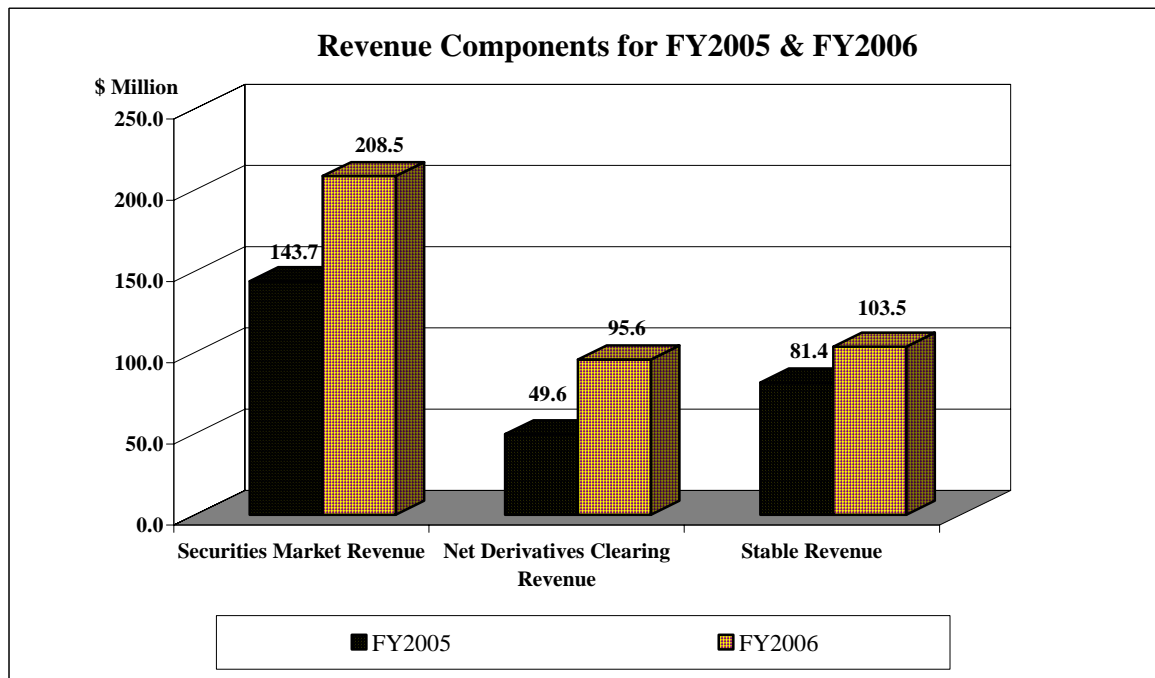
12. Review of the Performance of SGX Group

(i) *12 months FY2006 Financial Highlights*

SGX Group achieved \$187.6 million net profit after tax for the current financial year ended 30 June 2006, compared to \$104.4 million for the previous financial year ended 30 June 2005. Operating profit for the current financial year amounted to \$223.9 million, compared to \$131.6 million for the previous financial year.

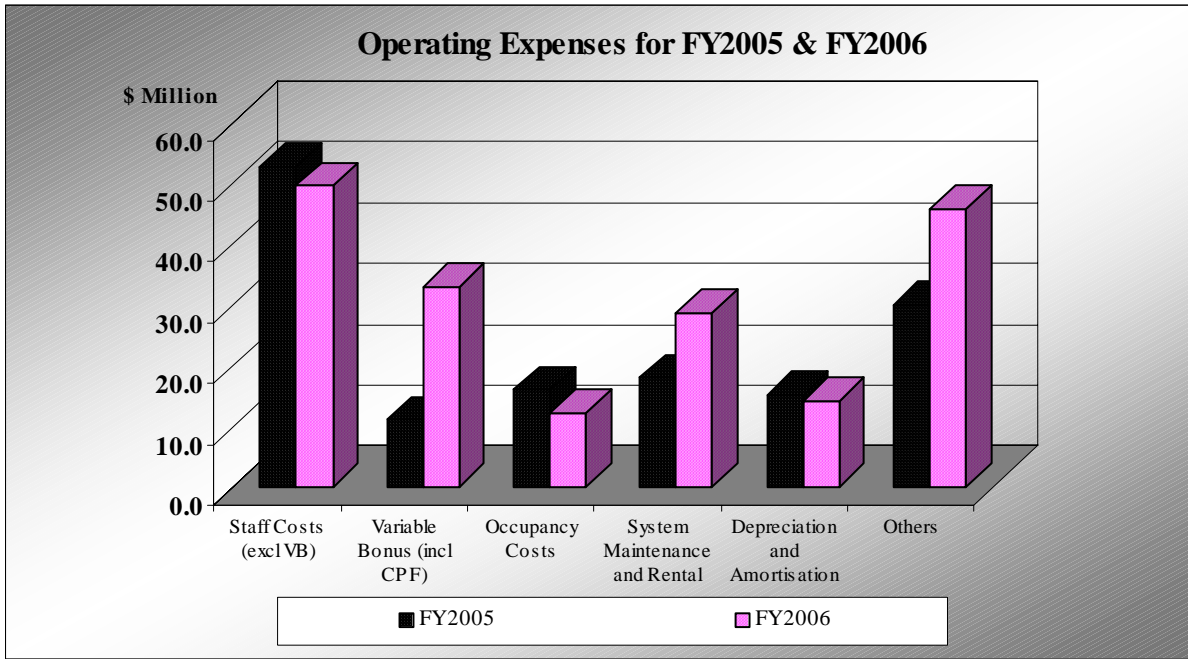
Revenue

The Group's revenue increased 48.4% to \$407.6 million from \$274.7 million, with improvements in all three revenue categories, i.e. Securities Market Revenue, Net Derivatives Clearing Revenue and Stable Revenue, as follows:



Expenses

Operating expenses for FY2006 increased 28.3% to \$183.7 million from \$143.1 million. This was mainly due to increase in variable bonus provision, system maintenance costs, professional charges and write-off of SGXTrade related hardware and software costs. The following chart highlights the major expenses for these two periods:



Securities Market

The table below shows the key figures for the securities market:

Securities Market Data	FY2006	FY2005	Change
Clearing fees (\$ million)	138.8	95.9	44.8%
Trading value:			
• Full year (\$ billion)	255.0	168.3	51.5%
• Daily average (\$ billion)	1.02	0.67	52.1%
Trading volume:			
• Full year (billion shares)	225.4	148.5	51.7%
• Daily average (billion shares)	0.90	0.59	52.3%
Number of IPOs, including Foreign Company IPOs	69	80	(11)
	45	51	(6)
Funds raised via IPOs (\$ billion)	7.3	4.4	67.3%
Market capitalisation of IPOs (\$ billion)	22.0	12.7	72.9%
Number of Securities Market members as at year end	26	24	2

Derivatives Market

Net Derivatives Clearing Revenue comprises clearing revenue from futures and structured warrants, as follows:

Net Derivatives Clearing Revenue	FY2006 (\$ million)	FY2005 (\$ million)	Change (%)
Futures Clearing Revenue	84.6	44.9	88.5
Structured Warrants Clearing Revenue	11.0	4.7	132.1
Total	95.6	49.6	92.6

Futures

The table below summarises the key figures for futures business performance and futures member data:

Futures Data	FY2006	FY2005	Change (%)	% of Total Volume	
				FY2006	FY2005
Clearing Revenue (\$ million)	84.6	44.9	88.5		
Trading volume (million contracts)					
• Asian Equity Derivatives	28.7	17.4	64.9	84.5	76.3
- Nikkei 225 Stock Index	16.9	8.6	96.8	49.7	37.6
- MSCI Taiwan Index	9.9	7.1	39.4	29.2	31.2
- MSCI Singapore Index	1.9	1.7	11.9	5.6	7.5
• Euroyen	3.5	2.4	45.8	10.4	10.6
• Eurodollar	0.0	1.8	(98.1)	0.1	7.8
• Others	1.7	1.2	42.1	5.0	5.3
Total	33.9	22.8	48.9	100.0	100.0

Number of Futures members	As at 30 June 2006	As at 30 June 2005	Change
Local	461	542	(81)
Corporate	59	58	1
Total	520	600	(80)

Structured Warrants

Following are the key figures for structured warrants:

Structured Warrants Data	FY2006	FY2005	Change
Clearing Revenue (\$ million)	11.0	4.7	132.1%
Trading value (\$ billion)	12.5	5.4	132.0%
Trading volume (billion units)	52.0	19.3	169.8%
Number of new issues	806	329	477

(ii) **Financial Summary - 12 months ended 30 June 2006 vs 12 months ended 30 June 2005**

Securities Market Revenue

<i>Securities Clearing Fees</i>	+44.8%	• Due to 51.5% growth in trading value.
<i>Securities Related Processing Fees</i>	+35.7%	• Higher security transfer fees and contract processing income on higher market turnover.
<i>Access Fees</i>	+56.1%	• Higher turnover traded via SGX Access, VTI and SESOPS, charged on SGX Access fee basis.

<i>Net Derivatives Clearing Revenue</i>	+92.6%	• Due to 48.9% growth in futures trading volume; increase in licensing fee for both Nikkei 225 and MSCI Taiwan contracts; and 169.8% jump in structured warrants trading volume.
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Stable Revenue

<i>Account Maintenance & Corporate Action Fees</i>	+17.9%	• Higher structured warrants processing income.
<i>Terminal & Connection Fees</i>	+26.2%	• Increase in ETS terminal income and income related to forced order charges.
<i>Listing and Membership Fees</i>	+47.5%	• Higher listing fees and listing processing income.
<i>Price Information Fees</i>	+21.0%	• Repricing of derivatives datafeed from 1 January 2006, and growth in income from SGX SecuritiesBook income and SGXNews (launched in August 2005).
<i>Sale of Software and Other Computer Services</i>	+6.4%	• Higher SGXNet and network connection income.
<i>Others</i>	+22.1%	• Higher interest income from corporate action related trust accounts.

Operating Expenses

<i>Staff Costs (excluding variable bonus)</i>	-6.0%	• Retrenchment cost upon closure of some derivatives trading pits in FY2005.
<i>Variable Bonus (including CPF)</i>	+198.2%	• Higher bonus provision upon improvement in business performance in FY2006.

<i>Occupancy Costs</i>	-23.5%	<ul style="list-style-type: none"> Reversal of over-accrual for reinstatement costs for Equity Plaza and OUB Centre; and reduction of rental expenses on expiration of the Equity Plaza lease in FY2006.
<i>System Maintenance and Rental</i>	+59.6%	<ul style="list-style-type: none"> Payments for Data Centre outsourcing arrangement which commenced in 3Q FY2006.
<i>Depreciation and Amortisation</i>	-6.3%	<ul style="list-style-type: none"> Improvement mainly due to fully depreciated assets.
<i>Professional Charges</i>	+70.4%	<ul style="list-style-type: none"> Consultancy fees for various projects and initiatives in FY2006.
<i>Marketing and Travelling</i>	+52.7%	<ul style="list-style-type: none"> Increase in business travel expenses in line with the growth in marketing and business development activity internationally.
<i>Net Write-Off/Impairment of Property, Plant and Equipment and Software</i>	+\$4.9MM	<ul style="list-style-type: none"> Increase due to write-off of SGXTrade related hardware and software costs in FY2006.
<i>Net Foreign Exchange Loss/(Gain)</i>	+\$0.6MM	<ul style="list-style-type: none"> This reflects the impact of lower USD/SGD rate on the USD balance maintained for operational purposes.
<i>Cost for Processing and Royalties</i>	+27.2%	<ul style="list-style-type: none"> Increase in royalties paid on higher trading volume in Nikkei 225 and MSCI Taiwan contracts.

Investment Performance

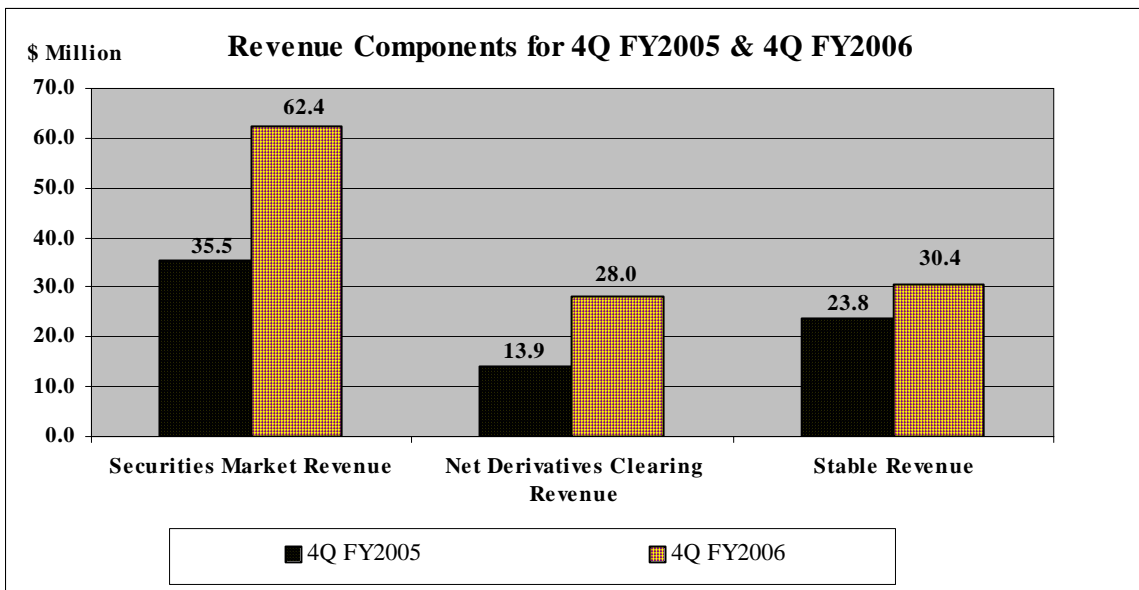
<i>Gains/(Losses) on Financial Assets at Fair Value Through Profit and Loss</i>	+\$9.8MM	<ul style="list-style-type: none"> This mainly reflects the higher pre-hedge gain year-on-year in the managed fund portfolio. After the \$1.2 million increase in hedging cost recognized under Other Revenue including Interest Income below, the net gain in the portfolio improved by \$8.6 million year-on-year.
<i>Other Revenue including Interest Income</i>	+13.3%	<ul style="list-style-type: none"> Interest income on bank deposits improved by \$1.2 million on higher interest rates, offset by the \$1.2 million increase in hedging costs for the managed fund portfolio. The \$0.2 million realized loss on the in-house bond portfolio in FY2005 contributed to the bulk of the year-on-year variance of this revenue item.

(iii) **4Q FY2006 Financial Highlights**

SGX Group recorded \$55.1 million net profit after tax for the current quarter ended 30 June 2006, compared to \$28.0 million for the previous corresponding quarter ended 30 June 2005. Operating profit for the current quarter rose 78.2% to \$65.9 million, compared to \$37.0 million for the previous corresponding quarter.

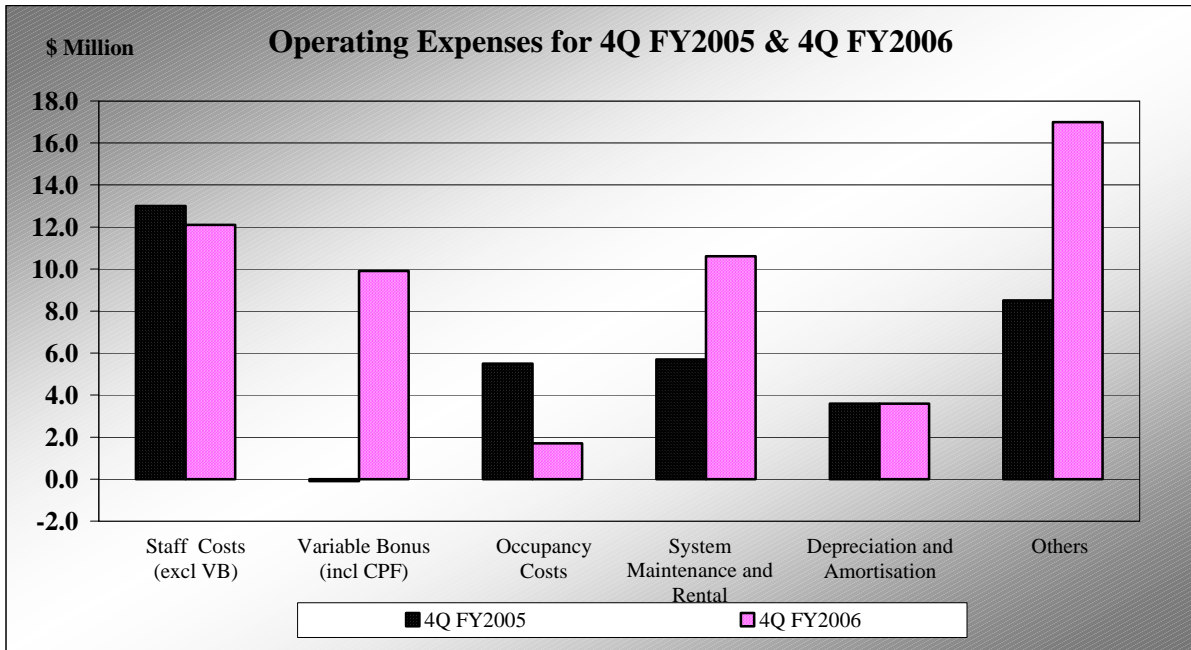
Revenue

The Group's revenue grew by 65.0% to \$120.8 million from \$73.2 million, with improvements in all three revenue categories, i.e. Securities Market Revenue, Net Derivatives Clearing Revenue and Stable Revenue, as follows:



Expenses

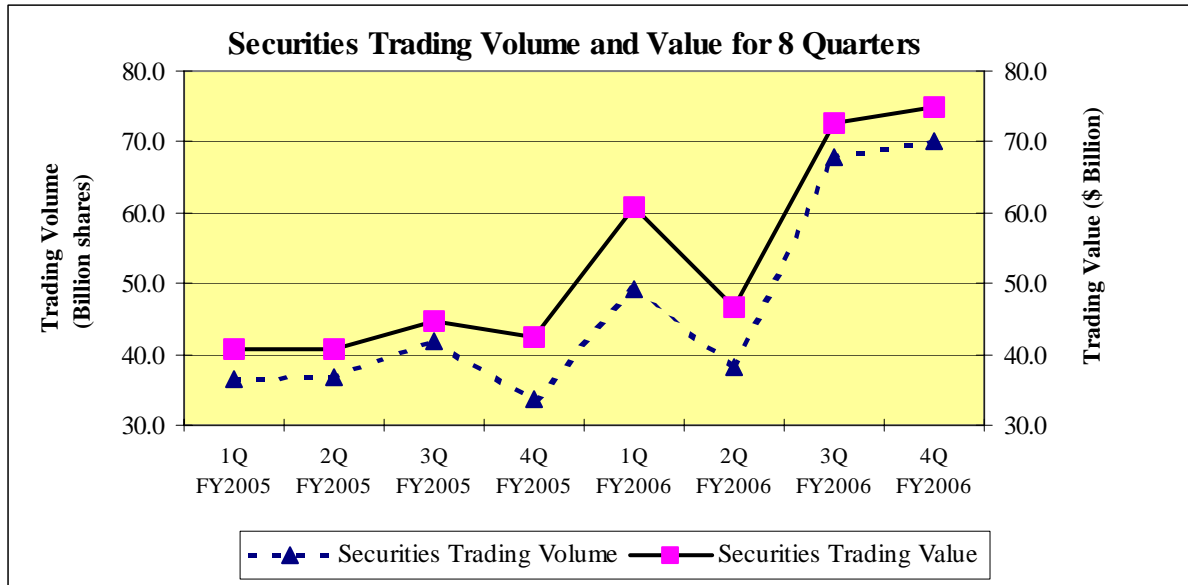
Operating expenses for 4Q FY2006 increased 51.5% to \$54.9 million from \$36.2 million, largely due to increase in variable bonus provision, system maintenance costs, marketing and travelling, and write-off of SGXTrade related hardware and software costs. The following chart highlights the major expenses for these two periods:



Securities Market

The table below shows the key figures for the securities market, followed by a chart with its turnover statistics for the past eight quarters:

Securities Market Data	4Q FY2006	4Q FY2005	Change
Clearing fees (\$ million)	41.5	23.1	80.0%
Trading value:			
• Full quarter (\$ billion)	74.9	42.3	77.0%
• Daily average (\$ billion)	1.21	0.67	79.9%
Trading volume:			
• Full quarter (billion shares)	70.1	33.7	108.1%
• Daily average (billion shares)	1.13	0.53	111.5%
Number of IPOs, including Foreign Company IPOs	22	19	3
	15	14	1
Funds raised via IPOs (\$ billion)	3.2	1.1	202.4%
Market capitalisation of IPOs (\$ billion)	12.3	3.1	296.2%



Derivatives Market

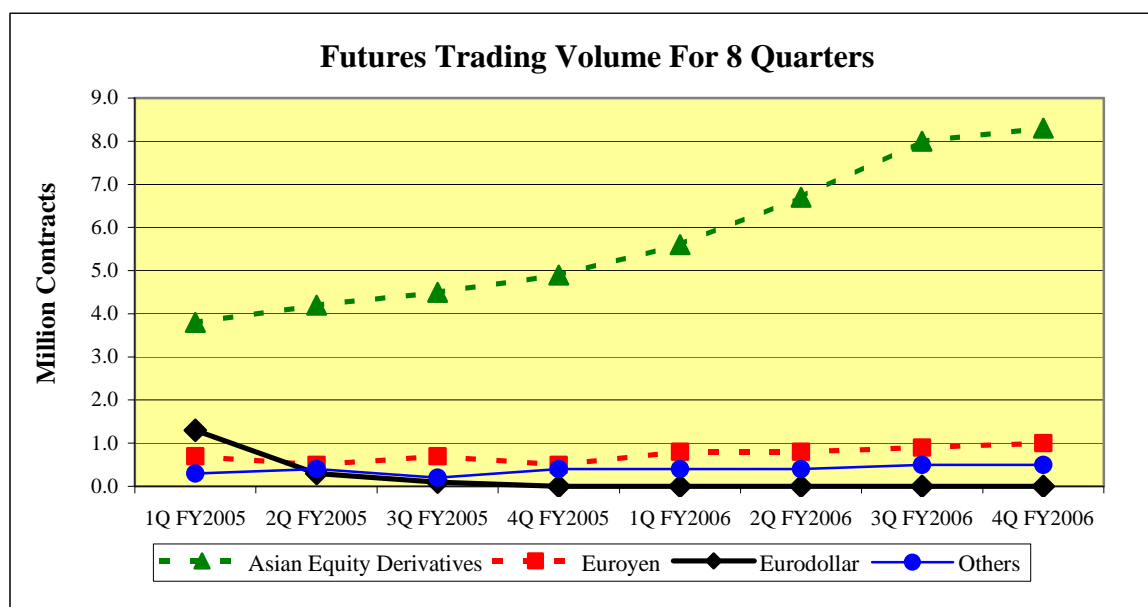
Net Derivatives Clearing Revenue comprises clearing revenue from futures and structured warrants, as follows:

Net Derivatives Clearing Revenue	4Q FY2006 (\$ million)	4Q FY2005 (\$ million)	Change (%)
Futures Clearing Revenue	25.5	12.2	107.8
Structured Warrants Clearing Revenue	2.5	1.7	54.0
Total	28.0	13.9	101.3

Futures

The table below summarises the key figures for futures business performance, followed by a chart on the turnover statistics for the past eight quarters:

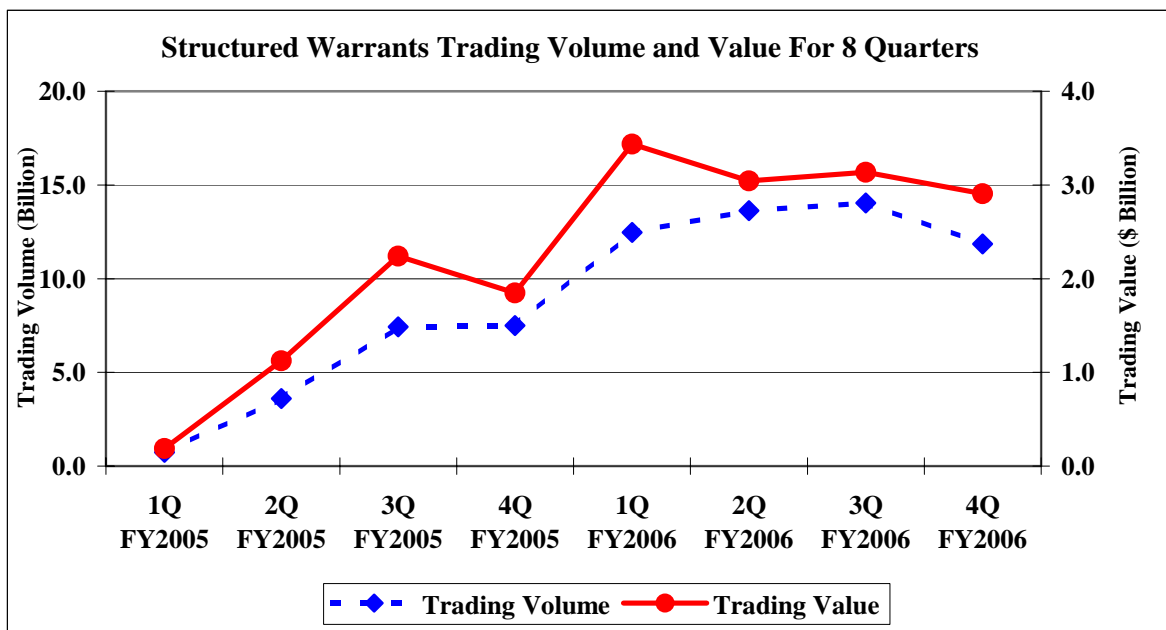
Futures Data	4Q FY2006	4Q FY2005	Change (%)	% of Total Volume	
				4Q FY2006	4Q FY2005
Clearing Revenue (\$ million)	25.5	12.2	107.8		
Trading volume (million contracts)					
• Asian Equity Derivatives	8.3	4.9	68.8	84.9	84.6
- Nikkei 225 Stock Index	4.7	2.5	90.9	48.1	42.5
- MSCI Taiwan Index	3.0	2.0	48.2	30.8	34.9
- MSCI Singapore Index	0.6	0.4	39.3	6.0	7.2
• Euroyen	1.0	0.5	90.8	10.2	9.0
• Eurodollar	0.0	0.0	(87.6)	0.0	0.3
• Others	0.5	0.4	34.5	4.9	6.1
Total	9.8	5.8	68.3	100.0	100.0



Structured Warrants

Following are the key figures for structured warrants, together with a chart on the turnover statistics for the past eight quarters:

Structured Warrants Data	4Q FY2006	4Q FY2005	Change
Clearing Revenue (\$ million)	2.5	1.7	54.0%
Trading value (\$ billion)	2.9	1.8	57.3%
Trading volume (billion units)	11.8	7.5	58.0%
Number of new issues	222	92	130



(iv) **Financial Summary - 3 months ended 30 June 2006 vs 3 months ended 30 June 2005**

Securities Market Revenue

<i>Securities Clearing Fees</i>	+80.0%	• Due to 77.0% growth in trading value.
<i>Securities Related Processing Fees</i>	+54.2%	• Mainly attributable to higher security transfer fees and contract processing income on higher market turnover.
<i>Access Fees</i>	+83.6%	• Higher turnover traded via SGX Access, VTI and SESOPS, charged on SGX Access fee basis.

<i>Net Derivatives Clearing Revenue</i>	+101.3%	• Due to 68.3% growth in futures trading volume; increase in licensing fee for both Nikkei 225 and MSCI Taiwan contracts; and 58.0% increase in structured warrants trading volume.
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Stable Revenue

<i>Account Maintenance & Corporate Action Fees</i>	+22.3%	• Higher structured warrants processing income.
<i>Terminal & Connection Fees</i>	+39.4%	• Increase in ETS terminal income and income related to forced order charges.
<i>Listing and Membership Fees</i>	+46.7%	• Higher annual listings fees income upon fee rise from January 2006, and higher listing processing income.
<i>Price Information Fees</i>	+25.6%	• Repricing of derivatives datafeed from 1 January 2006, and income from SGXNews (launched in August 2005).

Operating Expenses

<i>Staff Costs (excluding variable bonus)</i>	-6.9%	• Retrenchment cost upon closure of some derivatives trading pits in 4Q FY2005.
<i>Variable Bonus (including CPF)</i>	+\$10.0MM	• Higher bonus provision in 4Q FY2006 upon improvement in business performance.
<i>Occupancy Costs</i>	-68.3%	• Reversal of over-accrual for reinstatement costs for Equity Plaza and OUB Centre; and reduction of rental expenses on expiration of the Equity Plaza lease in FY2006.
<i>System Maintenance and Rental</i>	+85.7%	• Payments for Data Centre outsourcing arrangement.

<i>Professional Charges</i>	+27.3%	<ul style="list-style-type: none"> • Consultancy fees for various projects and initiatives in 4Q FY2006.
<i>Marketing and Travelling</i>	+257.1%	<ul style="list-style-type: none"> • Increase in advertising and business travel expenses in line with the growth in marketing and business development activity internationally.
<i>Allowance/(Reversal) for Impairment of Trade Receivables (Net)</i>	-\$0.5MM	<ul style="list-style-type: none"> • The decrease reflected write-back in 4Q FY2006 upon the improvement in doubtful debt position.
<i>Provision for Surplus Leased Premises</i>	-67.4%	<ul style="list-style-type: none"> • Lower utilization of the provision in 4Q FY2006, upon expiry of the Equity Plaza lease in April 2006.
<i>Net Write-Off/Impairment of Property, Plant and Equipment and Software</i>	+\$4.8MM	<ul style="list-style-type: none"> • The increase was due to write-off of SGXTrade related hardware and software costs in FY2006.
<i>Cost for Processing and Royalties</i>	+72.3%	<ul style="list-style-type: none"> • Higher royalties paid on higher trading in Nikkei 225 and MSCI Taiwan contracts.
<i>Others</i>	-38.2%	<ul style="list-style-type: none"> • Termination of certain services from price information vendors.

Investment Performance

<i>Gains/(Losses) on Financial Assets at Fair Value Through Profit and Loss</i>	+\$3.5MM	<ul style="list-style-type: none"> • This mainly reflects the higher pre-hedge gain in 4Q year-on-year in the managed fund portfolio. After the \$0.3 million increase in hedging cost recognized under Other Revenue including Interest Income below, the net gain in the portfolio improved by \$3.2 million year-on-year.
<i>Other Revenue including Interest Income</i>	+106.7%	<ul style="list-style-type: none"> • Interest income on bank deposits improved by \$1.0 million on higher interest rates, partially offset by the \$0.3 million increase in hedging costs for the managed fund portfolio.

(v) *Performance of 3 months ended 30 June 2006 vs 3 months ended 31 March 2006*

Following is an overview of the quarter-on-quarter comparison:

	4Q FY2006	3Q FY2006	Change (%)
A. Financial Performance (\$ million)			
Operating revenue			
- Securities market revenue	62.4	56.4	10.6
- Net derivatives clearing revenue	28.0	26.5	5.5
- Stable revenue	30.4	26.2	15.9
Total	120.8	109.1	10.6
Operating expenses	54.9	49.4	11.1
Operating profit	65.9	59.7	10.2
Other gains/(losses)	3.7	4.1	(9.0)
Share of results of joint ventures	(0.7)	(0.2)	188.0
Tax	(13.8)	(13.5)	2.1
Net profit after tax	55.1	50.1	10.0
B. Market Turnover Statistics			
Securities trading value:			
- Full quarter (\$ billion)	74.9	72.6	3.0
- Daily average (\$ billion)	1.21	1.19	1.4
Securities trading volume:			
- Full quarter (billion shares)	70.1	67.9	3.3
- Daily average (billion shares)	1.13	1.11	1.6
Futures trading volume (million contracts)	9.8	9.4	4.5
Structured warrants trading			
- Value (\$ billion)	2.9	3.1	(7.4)
- Volume (billion units)	11.8	14.0	(15.7)

Operating revenue improved across all three revenue categories, i.e. Securities market revenue, net derivatives clearing revenue and stable revenue. Operating expenses increased 11.1%, mainly due to increase in system maintenance costs, marketing and travelling expenses, and write-off of SGXTrade related hardware and software costs.

(vi) Bank Facilities & Contingent Liabilities

Bank Facilities

- The Group has \$430.0 million of bank credit facilities in place, comprising \$190.0 million in committed share financing and \$240.0 million in committed unsecured credit lines, for prudent risk management and emergency funding needs.

Contingent Liabilities

- As at 30 June 2006, the Group had contingent liabilities to banks for US\$180.0 million of unsecured standby letters of credit issued to CME as margin for futures trading.

Standby Credit to Group Companies

- The Group has provided an unsecured standby credit of \$75.0 million to the CDP Clearing Fund in accordance with the Central Depository (Pte) Limited's Clearing Rules.

The Group has also extended financial guarantee of \$22.0 million and purchased a \$46.0 million default insurance policy to be utilized in accordance with Singapore Exchange Derivatives Clearing Limited's Clearing Rules.

13(a). Segment Information - Group

3 Months ended 30 June 2006				Reporting by Market	3 Months ended 30 June 2005			
Securities Market	Derivatives Market	Other Operations	Group		Securities Market	Derivatives Market	Other Operations	Group
S\$'000	S\$'000	S\$'000	S\$'000		S\$'000	S\$'000	S\$'000	S\$'000
				SEGMENT REVENUE				
84,364	35,880	517	120,761	External revenue	52,400	19,839	949	73,188
(52)	-	-	(52)	Inter-segment revenue	574	1	-	575
84,312	35,880	517	120,709		52,974	19,840	949	73,763
52	-	-	52	Less: Consolidation elimination	(574)	(1)	-	(575)
84,364	35,880	517	120,761		52,400	19,839	949	73,188
				RESULTS				
53,817	21,565	(116)	75,266	Segment results	36,612	7,519	(129)	44,002
			(9,396)	Unallocated expenses				(7,036)
			65,870	Profit/(Loss) from operating activities				36,966
			3,757	Other gains/(losses)				(449)
			(694)	Share of results of joint ventures				2
			(13,810)	Tax				(8,540)
			55,123	Profit after tax				27,979
				OTHER INFORMATION				
525,403	137,830	6,589	669,822	Segment assets	707,194	123,113	5,107	835,414
			287,455	Unallocated assets				193,428
			957,277	Consolidated total assets				1,028,842
285,205	29,236	572	315,013	Segment liabilities	492,284	19,037	793	512,114
			55,405	Unallocated liabilities				42,159
			370,418	Consolidated total liabilities				554,273
6,509	298	41	6,848	Capital expenditure	11,567	702	5	12,274
2,219	1,390	23	3,632	Depreciation and amortisation	1,167	2,429	-	3,596

The Group operates in Singapore and holds an investment portfolio of \$151,862,000 (2005 : \$152,236,000) through a subsidiary in Mauritius.

Previously, Mauritius was reported as a separate geographical segment. With effect from financial year ended 30 June 2006; it has been decided that this is not a reportable geographical segment as it is not a distinguishable component of the Group engaged in providing products or services within a particular economic environment. This treatment will be adopted consistently going forward.

13 (b). Segment Information - Group

12 Months ended 30 June 2006				Reporting by Market	12 Months ended 30 June 2005			
Securities Market	Derivatives Market	Other Operations	Group		Securities Market	Derivatives Market	Other Operations	Group
S\$'000	S\$'000	S\$'000	S\$'000		S\$'000	S\$'000	S\$'000	S\$'000
				SEGMENT REVENUE				
281,866	122,444	3,250	407,560	External revenue	197,296	73,527	3,891	274,714
(215)	-	-	(215)	Inter-segment revenue	317	1	-	318
281,651	122,444	3,250	407,345		197,613	73,528	3,891	275,032
215	-	-	215	Less: Consolidation elimination	(317)	(1)	-	(318)
281,866	122,444	3,250	407,560		197,296	73,527	3,891	274,714
				RESULTS				
194,565	63,020	(491)	257,094	Segment results	130,979	23,413	(1,223)	153,169
			(33,186)	Unallocated expenses				(21,567)
			223,908	Profit/(Loss) from operating activities				131,602
			13,171	Other gains/(losses)				3,026
			(949)	Share of results of joint ventures				(27)
			(48,516)	Tax				(30,242)
			187,614	Profit after tax				104,359
				OTHER INFORMATION				
525,403	137,830	6,589	669,822	Segment assets	707,194	123,113	5,107	835,414
			287,455	Unallocated assets				193,428
			957,277	Consolidated total assets				1,028,842
285,205	29,236	572	315,013	Segment liabilities	492,284	19,037	793	512,114
			55,405	Unallocated liabilities				42,159
			370,418	Consolidated total liabilities				554,273
17,212	1,272	295	18,779	Capital expenditure	18,250	3,825	13	22,088
8,427	5,800	32	14,259	Depreciation and amortisation	9,114	6,079	20	15,213

The Group operates in Singapore and holds an investment portfolio of \$151,862,000 (2005 : \$152,236,000) through a subsidiary in Mauritius.

Previously, Mauritius was reported as a separate geographical segment. With effect from financial year ended 30 June 2006; it has been decided that this is not a reportable geographical segment as it is not a distinguishable component of the Group engaged in providing products or services within a particular economic environment. This treatment will be adopted consistently going forward.

14. Dividend - Company

(a) Interim Base Dividend

	12 Months Ended				
	30 June 2006			30 June 2005	
	Interim Base	Interim Base	Interim Base	Interim Base	Interim Base
Name of Dividend	Cash	Cash	Cash	Cash	Cash
Dividend Type	1.50 cents per ordinary share	1.50 cents per ordinary share	1.50 cents per ordinary share	1.75 cents per ordinary share	3.50 cents per ordinary share
Dividend Rate - Base	Tax Exempt One-Tier	Tax Exempt One-Tier	Tax Exempt One-Tier	20%	20%
Tax Rate	27 April 2006, 5pm	27 January 2006, 5pm	27 October 2005, 5pm	27 April 2005, 5pm	7 February 2005, 5pm
Books Closure Date	10 May 2006	10 February 2006	11 November 2005	10 May 2005	21 February 2005
Date Paid/Payable					

(b) Interim Special Dividend

	12 Months Ended	
	30 June 2006	30 June 2005
	Name of Dividend	NA
Dividend Type	NA	Cash
Dividend Rate - special	NA	15.00 cents per ordinary share
Tax Rate	NA	Tax Exempt One-Tier
Books Closure Date	NA	27 April 2005, 5pm
Date Paid/Payable	NA	10 May 2005

(c) Proposed Final Dividend

	12 Months Ended	
	30 June 2006	30 June 2005
	Name of Dividend	Final
Dividend Type	Cash	Cash
Dividend Rate - Base	1.50 cents per ordinary share	1.80 cents per ordinary share
Dividend Rate - Variable	10.20 cents per ordinary share	2.50 cents per ordinary share
Tax Rate	Tax Exempt One-Tier	Tax Exempt One-Tier
Books Closure Date	4 October 2006, 5pm	28 September 2005, 5pm
Date Paid/Payable	16 October 2006	10 October 2005

(d) Total Dividend

Total net annual dividend on ordinary shares for 12 months ended 30 June 2006 and 30 June 2005 were \$169,909,000 and \$244,642,000 respectively.

(e) Directors' Comments

The following dividend policy shall take effect for the dividends to be declared, if any, from financial year 2007 onwards:

Barring material adverse circumstances, the Directors aim to declare a base dividend of at least 2.0 cents net per share every quarter. For each financial year, the Directors aim to pay, as net dividend, an amount which is no less than (a) 80% of the annual net profit after tax; or (b) 8.0 cents per share, whichever is higher. The difference between the targeted net dividend and the interim base dividends will be paid with the final dividend of each financial year.

15. Share Capital - Company

During the 3 months ended 30 June 2006, the Company issued 1,431,600 ordinary shares at prices ranging from \$0.85 to \$1.70 upon the exercise of options granted under the SGX Share Option Plan (ESOS).

As at 30 June 2006, there were outstanding options for 21,570,000 (30 June 2005: 30,521,200) unissued ordinary shares under the ESOS.

16. Accounting Policies - Group

(a) The same accounting policies and methods of computation as in the FY2005 audited annual financial statements have been applied for the current reporting period except for the following Financial Reporting Standards ("FRS") and Interpretations to FRS (INT FRS) that are effective for the Group's financial year beginning 1 July 2005:

- (i) FRS 1 (revised 2004) - Presentation of Financial Statements
- (ii) FRS 8 (revised 2004) - Accounting Policies, Changes in Accounting Estimates and Errors
- (iii) FRS 10 (revised 2004) - Events after the Balance Sheet Date
- (iv) FRS 16 (revised 2004) - Property, Plant and Equipment
- (v) FRS 17 (revised 2004) - Leases
- (vi) FRS 21 (revised 2004) - The Effects of Changes in Foreign Exchange Rate
- (vii) FRS 24 (revised 2004) - Related Party Disclosures
- (viii) FRS 27 (revised 2004) - Consolidated and Separate Financial Statements
- (ix) FRS 32 (revised 2004) - Financial Instruments : Disclosure and Presentation
- (x) FRS 33 (revised 2004) - Earnings Per Share
- (xi) FRS 36 (revised 2004) - Impairment of Assets
- (xii) FRS 38 (revised 2004) - Intangible Assets
- (xiii) FRS 39 (revised 2004) - Financial Instruments : Recognition and Measurement
- (xiv) FRS 102 - Share-based Payment

Adoption of FRS 102 has resulted in a change in accounting policy for share-based payment. The Group's Employee Share Option Scheme (ESOS) is an equity-settled, share-based compensation plan. FRS 102 requires the Group and the Company to recognise an expense in the income statement with a corresponding increase in equity for share options granted after 22 November 2002 and not vested by 1 July 2005.

Option expensing amounting to \$1,598,000 and \$5,096,000 for FY2004 and FY2005 respectively has been adjusted to the FY2006 opening retained profits.

The Group issued the first grant of its Employee Performance Share Plan on 30 June 2006. The grant entailed an expense of \$15,000, with a corresponding increase in equity in FY2006.

- (xv) FRS 103 - Business Combinations
- (xvi) INT FRS 101 - Changes in Existing Decommissioning, Restoration and Similar Liabilities
- (xvii) Amendments to INT FRS 12 - Consolidation - Special Purpose Entities

The adoption of the above FRS and INT FRS did not result in significant changes to the Group's and the Company's accounting policies.

- (b) Where necessary, comparative figures have been reclassified to conform with current years' presentation.
- (i) Certain operating expense in the financial year ended 30 June 2005 of the Group and the Company amounting to \$1,364,000 and \$1,160,000 respectively have been reclassified from professional charges to system maintenance and rental.

The revised presentation is to better reflect the nature of the expenses as they are information technology related expense, and does not result in a change in the operating expenses of the Group and the Company.

- (ii) Derivative financial instrument is separately shown from trade and other payables on the balance sheet. The revised presentation does not result in a change in the net assets of the Group and the Company.

Joyce Fong

Company Secretary

27 July 2006

AUDITORS' REPORT TO THE SHAREHOLDERS OF SINGAPORE EXCHANGE LIMITED

We have audited the accompanying financial statements of Singapore Exchange Limited set out on pages 11 to 68, for the financial year ended 30 June 2006, comprising the income statement, balance sheet and statement of changes in equity of the Company, and the consolidated financial statements of the Group. 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 Companies Act, Cap 50 ("the Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2006, the results and changes in equity of the Company and of the Group for the financial year ended on that date, and of the cash flows of the Group for the financial year ended on that date, and
- (b) the accounting and other records 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.



PricewaterhouseCoopers
Certified Public Accountants

Singapore, 27 July 2006