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Directors' Report

For the financial year ended 30 June 2001

The directors present their report to the shareholder together with the audited financial statements for the financial year ended 30 June 2001.

Directors

The directors at the date of this report are:

Mr J Y Pillay
Mr Thomas A. Kloet
Mr Ang Swee Tian (appointed 5 October 2000)
Mr Peter Chia Chon Hian
Mr George Teo Eng Kim

Principal Activities

The principal activities of the Company are to provide clearing, depository and related services for securities transactions. The principal activities of the individual subsidiaries are set out in Note 9 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

Results for the financial year	$'000
Profit after tax	43,521

Material Movements in Reserves and Provisions

Except as disclosed in the financial statements, there were no material movements in reserves and provisions during the financial year.

Acquisition and Disposal of Subsidiaries

There were no disposal or acquisition of interests in subsidiaries during the financial year.

Issue of Shares and Debentures

There were no issue of shares or debentures during the financial year.

Arrangements to Enable Directors to Acquire Shares and Debentures

The Company was not, at any time during the financial year, 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.

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 year had any interests in the share capital of the Company at any time during the financial year.

b The interests in the shares in, or debentures of, related companies of directors holding office at 30 June 2001, who are also directors of the holding company are recorded in the register of directors' shareholdings of that company. Interests of directors who are not directors of the holding company are as follows:

i Interests in the share capital of the holding company

	Holdings registered in name of director		Holdings in which a director is deemed to have an interest	
	$0.01 each at 30.6.2001	$1 each at 1.7.2000 or date of appointment, if later	$0.01 each at 30.6.2001	$1 each at 1.7.2000 or date of appointment, if later
Singapore Exchange Limited				
Mr Ang Swee Tian	145,000	–	12,000	–
Mr Peter Chia Chon Hian	85,000	–	–	–

ii Interests in the options to subscribe for ordinary shares of the holding company granted pursuant to the Scheme for Group employees

	Number of unissued ordinary shares under option held by director	
	$0.01 each at 30.6.2001	$1 each at 1.7.2000 or date of appointment, if later
Singapore Exchange Limited		
Mr Ang Swee Tian	250,000	–
Mr Peter Chia Chon Hian	175,000	–

Dividends

Dividends paid, declared and proposed since the end of the Company's preceding financial year are as follows:	$'000
An interim dividend of 0.7383 cents per share, net of tax at 25.5%, was paid in respect of the financial year ended 30 June 2001	55,000

The directors do not recommend that a final dividend be paid for the financial year just ended.

Directors' Report

Bad and Doubtful Debts
Before the financial statements 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. The directors have satisfied themselves that all known bad debts have been written off and that adequate provision has been made for 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 inadequate to any substantial extent.

Current Assets
Before the financial statements were made out, the directors took reasonable steps to ascertain that current assets 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 values attributed to current assets in the 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 year on the assets of the Company which secure the liability of any other person, nor has any contingent liability arisen since the end of the financial year.

Ability to Meet Obligations
No contingent or other liability of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Company 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 financial statements which would render any amount stated in the financial statements misleading.

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

Unusual Items After the Financial Year
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 year and the date of this report which would affect substantially the results of the operations of the Company for the financial year in which this report is made.

Directors' Contractual Benefits
Since the end of the previous financial year, no director has received or become entitled to receive a benefit 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, except that certain directors are directors and executives of the holding company and received remuneration and benefits in those capacities.

Share Options
There were no options granted during the financial year to subscribe for unissued shares of the Company.

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

There were no unissued shares of the Company under option at the end of the financial year.

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

On behalf of the directors

Mr J Y Pillay
Director

Mr Thomas A. Kloet
Director

16 August 2001

Statement by Directors

For the financial year ended 30 June 2001

In the opinion of the directors, the financial statements set out on pages 8 to 20 are drawn up so as to give a true and fair view of the state of affairs of the Company at 30 June 2001 and of the results of the business and the changes in equity for the financial year 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

Mr J Y Pillay
Director

Mr Thomas A. Kloet
Director

16 August 2001

Auditors' Report

For the financial year ended 30 June 2001

We have audited the financial statements of The Central Depository (Pte) Limited for the financial year ended 30 June 2001 set out on pages 8 to 20. These financial statements are the responsibility of the 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 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 at 30 June 2001, its profit and changes in equity for the financial year ended on that date; and
ii the other matters required by section 201 of the Act to be dealt with in the financial statements; and

b the accounting and other records, and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

PricewaterhouseCoopers
Certified Public Accountants

Singapore, 16 August 2001

Balance Sheet

As at 30 June 2001

	Note	2001 $'000	2000 $'000
Current Assets			
Cash and cash equivalents	3	**99,688**	144,707
Trade debtors	4	**303,009**	335,106
Other debtors	5	**1,804**	2,774
Amount due from subsidiaries – non-trade	11	**267**	300
Amount due from related companies – non-trade	11	**74**	139
Clearing Fund assets	6	**33,354**	32,603
		438,196	515,629
Non-Current Assets			
Property, plant and equipment	7	**72,106**	800
Property under development	8	**–**	40,171
Investment in subsidiaries	9	**400**	400
		72,506	41,371
Total Assets		**510,702**	557,000

	Note	2001 $'000	2000 $'000
Current Liabilities			
Trade creditors		**291,757**	321,102
Other creditors	10	**11,112**	1,501
Amount due to holding company – trade	11	**3,215**	6,579
Amount due to a related company – non-trade	11	**38**	42
Amount due to a subsidiary – non-trade	11	**–**	3
Clearing Members' contributions to Clearing Fund	6	**8,354**	7,603
Taxation	14	**15,452**	27,917
		329,928	364,747
Non-Current Liability			
Deferred tax	14	**80**	80
Total Liabilities		**330,008**	364,827
Net Assets		**180,694**	192,173
Equity			
Share capital	12	**100,000**	100,000
Reserves		**80,694**	92,173
Total Equity		**180,694**	192,173

The accompanying notes form an integral part of these financial statements. Auditors' Report is on page 7.

Income Statement

For the financial year ended 30 June 2001

	Note	2001 $'000	2000 $'000
Operating Revenue			
Clearing fees		**73,422**	104,020
Account maintenance and processing fees		**25,716**	31,923
Others		**2,585**	1,877
Operating Revenue		**101,723**	137,820
Operating Expenses			
Staff costs recharge		**7,566**	5,648
Equipment costs		**490**	609
Occupancy costs		**1,958**	1,156
Management fees		**33,348**	25,840
Depreciation		**591**	430
Other operating expenses		**2,806**	3,907
Total Operating Expenses		**46,759**	37,590
Profit from Operating Activities Before Tax		**54,964**	100,230
Non-Operating Income			
Interest income		**3,789**	6,194
Other non-operating income		**132**	223
		3,921	6,417
Profit Before Tax	13	**58,885**	106,647
Tax	14	**(15,364)**	(26,137)
Profit After Tax		**43,521**	80,510

The accompanying notes form an integral part of these financial statements. Auditors' Report is on page 7.

Statement of Changes in Equity

For the financial year ended 30 June 2001

	Note	Share capital	Clearing Fund reserve*	Retained profits	Total
		$'000	$'000	$'000	$'000
Balance as at 1 July 2000		**100,000**	**25,000**	**67,173**	**192,173**
Net profit– total recognised gain for the financial year		–	–	43,521	43,521
Dividends	15	–	–	(55,000)	(55,000)
Balance as at 30 June 2001		**100,000**	**25,000**	**55,694**	**180,694**
Balance as at 1 July 1999		100,000	25,000	144,639	269,639
Net profit– total recognised gain for the financial year		–	–	80,510	80,510
Dividends	15	–	–	(157,976)	(157,976)
Balance as at 30 June 2000		**100,000**	**25,000**	**67,173**	**192,173**

* Non-distributable reserve is not available for distribution as cash dividends to the shareholder of the Company.

The accompanying notes form an integral part of these financial statements. Auditors' Report is on page 7.

Notes to the Financial Statements

For the financial year ended 30 June 2001

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1 General

The Company is incorporated and domiciled in Singapore. The address of the Company's registered office is:

1 Raffles Place, #07-00
OUB Centre
Singapore 048616

The principal activities of the Company are to provide clearing, depository and related services for securities transactions. The principal activities of the individual subsidiaries are set out in Note 9 to the financial statements.

2 Significant Accounting Policies

a Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention and are expressed in Singapore dollars.

The financial statements are prepared in compliance with Singapore Statements of Accounting Standard.

b Basis of Consolidation

The Company is not required to prepare consolidated financial statements pursuant to Section 201(3B) of the Companies Act, as it is a wholly owned subsidiary of Singapore Exchange Limited, a company incorporated in Singapore.

The registered office of Singapore Exchange Limited is 1 Raffles Place, #07-00 OUB Centre, Singapore 048616.

c Foreign Currencies

Transactions in foreign currencies during the financial year are converted to Singapore dollars at the rates of exchange prevailing on the transaction dates. Foreign currency monetary assets and liabilities are translated into Singapore dollars at the rates of exchange prevailing at the balance sheet date or at contracted rates where they are covered by forward exchange contracts. Exchange differences arising are taken to the income statement.

d Bad and Doubtful Debts

Bad debts are written off and specific provisions are made for those debts considered to be doubtful.

e Investments in Subsidiaries

Investments in subsidiaries are stated in the financial statements at cost less provision for any diminution in value which is other than temporary, determined on an individual investment basis.

f Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation.

g Depreciation of Property, Plant and Equipment

Depreciation is calculated on a straight line basis to write off the cost of property, plant and equipment over their expected useful lives. The estimated useful lives are as follows:

Leasehold building	30 to 50 years
Leasehold improvements	Lower of 5 years or remaining lease period
Furniture, fittings and office equipment	3 to 10 years
Computers	
– Hardware	3 to 5 years
– Software	1 to 3 years
Motor vehicles	4 years

Leasehold land is depreciated on a straight line basis over the remaining term of the lease from date of occupation.
No depreciation is provided on leasehold properties under development and work-in-progress.
Fully depreciated assets still in use are retained in the financial statements.

h Revenue Recognition

Revenue is recognised on the following basis:

i trading clearing and settlement income on a due date basis;
ii account maintenance and processing fees, when services are rendered; and
iii interest income, on a time proportion basis.

i 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 treatments 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.

j Government Grants

Government grants relating to income are offset against related expenses.

Government grants relating to assets are deducted against the assets to arrive at the carrying amount of the assets.

Notes to the Financial Statements

3 Cash and Cash Equivalents

	2001 $'000	2000 $'000
Cash at bank and on hand	**1,688**	4,407
Fixed deposits with banks	**98,000**	140,300
	99,688	144,707

4 Trade Debtors

Trade debtors	**303,327**	335,422
Less: Provision for doubtful debts	**(318)**	(316)
	303,009	335,106
Movements in provision for doubtful debts are as follows:		
Balance at the beginning of the financial year	**316**	–
Provision made during the financial year	**2**	316
Balance at the end of the financial year	**318**	316

5 Other Debtors

Interest receivable	**794**	2,204
Deposits	**36**	85
Prepayments	**666**	259
Brokerage receivable	**–**	15
Others	**308**	211
	1,804	2,774

6 Clearing Fund Contributions

The Clearing Fund was established under the Clearing Rules of the Company. The Clearing Fund is to provide resources to enable the Company to discharge the obligations and liabilities of defaulting Clearing Members arising from their transactions in approved securities.

The Company has prescribed that the contributed fund will be $160 million. The Company has contributed $25 million (2000: $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. The Company has also purchased $45 million insurance cover and has provided a standby credit facility of $75 million to the Clearing Fund (2000: $45 million and $75 million respectively).

These monies can only be withdrawn upon to meet obligations arising from inter broker settlement default by Clearing Members in accordance with Rule 5.9 of the Clearing Rules. The Fund's monies would be refunded to the contributors upon the dissolution of the Clearing Fund or the Company.

Clearing Fund contributions comprise:	2001 $'000	2000 $'000
Cash contributions by the Company	**25,000**	25,000
Cash contributions by Clearing Members	**8,354**	7,603
	33,354	32,603
Contribution by Clearing Members in the form of bank guarantees	**12,113**	11,526
	45,467	44,129

7 Property, Plant and Equipment

	Leasehold land and building	Leasehold improve-ments	Furniture, fittings and office equipment	Motor vehicles	Computers	Work-in-progress**	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost							
At 1 July 2000	–	943	3,267	47	1,420	–	5,677
Additions	–	–	77	–	320	5,676	6,073
Transfer from property under development	65,824	–	–	–	–	–	65,824
At 30 June 2001	65,824	943	3,344	47	1,740	5,676	77,574
Accumulated depreciation							
At 1 July 2000	–	820	2,933	16	1,108	–	4,877
Depreciation charge	–	51	312	12	216	–	591
At 30 June 2001	–	871	3,245	28	1,324	–	5,468
Net Book Value							
At 30 June 2001	**65,824**	**72**	**99**	**19**	**416**	**5,676**	**72,106**
Net Book Value							
At 30 June 2000	–	123	334	31	312	–	800

** Work-in-progress comprises system infrastructure under development and leasehold improvements.

Notes to the Financial Statements

8 Property Under Development

	2001 $'000	2000 $'000
Balance at 1 July	**40,171**	33,175
Payments during the financial year	**20,989**	6,996
Retention sums accrued	**4,664**	–
Transfer to property, plant and equipment	**(65,824)**	–
Balance at 30 June	**–**	40,171

9 Investment in Subsidiaries

Name of subsidiaries	Principal activities	Country of business	Equity holding held 2001 %	Equity holding held 2000 %	Cost of investment 2001 $'000	Cost of investment 2000 $'000
Macronet Information Pte Ltd	Provide corporate share registration and custody related services	Singapore	**100**	100	**200**	200
Options Clearing Company Pte Ltd	Provide facilities for the registration of options and the maintenance of margin for the options relating to marketable securities	Singapore	**100**	100	**200**	200
CDP Nominees Pte Ltd	Provide nominee services	Singapore	**100**	100	**#**	#
CDP Nominees (II) Pte Ltd	Provide nominee services	Singapore	**100**	100	**#**	#
Asiaclear Pte Ltd	Dormant	Singapore	**100**	100	**#**	#
Globalclear Pte Ltd	Dormant	Singapore	**100**	100	**#**	#
					400	400

$2

The Company is not required to prepare consolidated financial statements pursuant to Section 201(3B) of the Companies Act, as it is a wholly owned subsidiary of Singapore Exchange Limited, a company incorporated in Singapore.

10 Other Creditors

	2001 $'000	2000 $'000
Provision for bonus and CPF	**1,048**	471
Brokerage payable	**47**	63
Advance receipts	**452**	19
GST payable (net)	**578**	688
Retention sums	**4,664**	-
Accrued expenses	**4,323**	260
	11,112	1,501

11 Holding Company and Related Companies

The Company is a wholly owned subsidiary of Singapore Exchange Limited, incorporated in Singapore, which is also the Company's ultimate holding company. The amounts due from/(to) this company, subsidiaries and related companies are unsecured, interest-free and have no fixed terms of repayment.

12 Share Capital of The Central Depository (Pte) Limited

a Authorised Share Capital

	2001 $'000	2000 $'000
200 million ordinary shares of $1 each	**200,000**	200,000

b Issued and Fully Paid Share Capital

100 million ordinary shares of $1 each	**100,000**	100,000

Notes to the Financial Statements

13 Profit Before Tax

	2001 $'000	2000 $'000
Profit Before Tax is Arrived at After:		
Charging:		
Auditors' remuneration		
– Current year	**45**	35
– Prior year	**10**	–
Depreciation of property, plant and equipment		
– Leasehold improvements	**51**	60
– Furniture, fittings and office equipment	**312**	175
– Motor vehicles	**12**	12
– Computers	**216**	183
Amortisation of premium on loan stocks and bonds	**–**	32
Provision for doubtful trade debts	**2**	316
Bad trade debts written off	**–**	15
Loss on disposal of fixed assets	**–**	10
Rental expense - operating leases	**1,649**	981
And crediting:		
Interest income		
– Fixed deposits	**3,368**	5,219
– Loan stocks and bonds	**–**	477
– Bank	**421**	498
Net foreign exchange gain	**53**	46

14 Tax

a Tax Expense

	2001 $'000	2000 $'000
Tax expense attributable to profit is made up of:		
Current income tax provision	**14,414**	27,195
Deferred income tax provision	**–**	(1,058)
Under provision in preceding financial year	**950**	–
	15,364	26,137

b Movements in Provision for Current Tax

Balance at the beginning of the financial year	**27,917**	26,700
Income tax paid	**(27,829)**	(25,978)
Current financial year's tax expense on profit	**14,414**	27,195
Under provision in preceding financial year	**950**	–
Balance at the end of the financial year	**15,452**	27,917

c Composition of Deferred Tax

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

Difference in depreciation of fixed assets for accounting and income tax purposes	**80**	80

d Movements in Provision for Deferred Tax

Balance at the beginning of the financial year	**80**	1,138
Transfer to income statement	**–**	(1,058)
Balance at the end of the financial year	**80**	80

15 Dividends

Ordinary Dividends Paid or Proposed

Interim dividend of 0.7383 cents (2000: $2.1205) per share, paid net of tax at 25.5% (2000: 25.5%)	**55,000**	157,976

Notes to the Financial Statements

16 Commitments for Expenditure

	2001	2000
a Capital Commitments	**$'000**	$'000
Capital commitments not provided for in the financial statements:		
Expenditure contracted for	**1,121**	26,675

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:

Not later than one financial year	**94**	7
Later than one financial year but not later than five financial years	**374**	10
Later than five financial years	**27**	–
	495	17

The above leases do not contain renewal options or purchase options. They do not contain escalation clauses and do not provide for contingent rents. Lease terms do not contain restrictions on the Company's activities concerning dividends, additional debt or further leasing.

17 Number of Employees

All employees of the Singapore Exchange Group are employed by the holding company, Singapore Exchange Limited.

18 Comparatives

Certain comparative figures have been reclassified to conform with the current financial year's presentation.

Auditors' Report is on page 7.