



Financial Statements for the Half Year Ended 31 December 2002

Financial statements on consolidated results for the half year ended 31 December 2002. Certain items reported for the half year ended 31 December 2001 have been reclassified to conform with this report for the half year ended 31 December 2002.

The figures have been reviewed in accordance with Singapore Standard on Auditing 910 - Engagements to Review Financial Statements.

1(a) Income Statements

	Notes	Group			Company		
		1 Jul 2002 to 31 Dec 2002	1 Jul 2001 to 31 Dec 2001	Change	1 Jul 2002 to 31 Dec 2002	1 Jul 2001 to 31 Dec 2001	Change
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Turnover							
Operating revenue							
- Management fees from subsidiaries		-	-	-	40,711	37,229	9.4
- Clearing and related income		53,465	49,809	7.3	-	-	-
- Access and terminal fees		16,358	15,758	3.8	-	-	-
- Account maintenance and processing fees		16,830	16,788	0.3	2,406	-	NM
- Listing and membership fees		7,940	8,253	(3.8)	-	-	-
- Price information fees		6,264	5,916	5.9	-	-	-
- Sale of software and other computer services		3,198	3,028	5.6	903	-	NM
- Other operating revenue		3,433	4,065	(15.5)	862	615	40.2
Total operating revenue		107,488	103,617	3.7	44,882	37,844	18.6
Operating expenses							
- Staff costs		35,041	33,057	6.0	21,567	20,445	5.5
- Occupancy costs		7,949	8,806	(9.7)	5,301	4,414	20.1
- System maintenance and rental		10,966	9,775	12.2	4,412	4,063	8.6
- Depreciation		11,564	10,184	13.6	4,921	4,081	20.6
- Provision for surplus leased premises		-	7,000	(100.0)	-	7,000	(100.0)
- Other operating expenses		13,411	14,518	(7.6)	6,655	5,312	25.3
Total operating expenses		78,931	83,340	(5.3)	42,856	45,315	(5.4)
Profit/(Loss) from operating activities	A	28,557	20,277	40.8	2,026	(7,471)	NM
Net non-operating revenue	B	11,685	10,693	9.3	9,852	8,387	17.5
Profit before tax and minority interests		40,242	30,970	29.9	11,878	916	1,196.7
Share of results of joint venture		(62)	(31)	100.0	-	-	-
Tax	C	(10,185)	(10,675)	(4.6)	(3,252)	(2,251)	44.5
Profit after tax and before minority interests		29,995	20,264	48.0	8,626	(1,335)	NM
Minority interests		1,017	1,456	(30.2)	-	-	-
Profit/(Loss) attributable to shareholders of the company		31,012	21,720	42.8	8,626	(1,335)	NM

NM: Not meaningful.

Notes:

		Group	
		1 Jul 2002 to 31 Dec 2002	1 Jul 2001 to 31 Dec 2001
		SS'000	SS'000
A	Profit/(Loss) from operating activities is arrived at after charging/(crediting):		
	- Foreign exchange gain/(loss)	(140)	220
	- Gain from sale of investments, properties, and/or plant and equipment	98	16
B	Net non-operating revenue:		
	- Investment income from externally managed funds	9,779	7,796
	- Other revenue including interest income	1,906	2,897
	Total	11,685	10,693

C The Group's tax charge for the period ended 31 December 2002 included adjustment for under-provision of \$45,000 in respect of prior years.

1(b)(i) Balance Sheets

	Group		Company	
	As at 31 Dec 02	As at 30 Jun 02	As at 31 Dec 02	As at 30 Jun 02
	S\$'000	S\$'000	S\$'000	S\$'000
Current assets				
Cash and cash equivalents	209,708	253,048	2,527	23,127
Trade and other debtors	98,881	313,371	4,705	21,809
Derivatives margin funds and deposits	1,421,207	1,532,519	-	-
Securities clearing funds	34,341	34,148	-	-
Available-for-sale investments	345,734	335,437	327,596	317,454
	2,109,871	2,468,523	334,828	362,390
Non-current assets				
Property, plant and equipment	284,096	282,344	54,026	47,413
Club memberships	720	700	720	700
Investments in subsidiaries	-	-	392,340	392,340
Investments in joint venture	306	368	-	-
	285,122	283,412	447,086	440,453
Net assets of securities and derivatives fidelity funds	52,193	51,913	-	-
Total assets	2,447,186	2,803,848	781,914	802,843
Current liabilities				
Trade and other creditors	96,907	337,430	16,426	13,382
Derivatives margin funds and deposits	1,421,207	1,532,519	-	-
Securities clearing members' contributions to clearing funds	9,341	9,148	-	-
Provision for surplus leased premises and unutilized leave	3,884	4,049	2,436	2,601
Taxation	19,091	19,595	4,154	2,119
	1,550,430	1,902,741	23,016	18,102
Non-current liabilities				
Provision for surplus leased premises	4,816	4,816	3,549	3,549
Deferred tax liabilities	5,588	6,527	4,063	4,404
	10,404	11,343	7,612	7,953
Total liabilities	1,560,834	1,914,084	30,628	26,055
Net assets	886,352	889,764	751,286	776,788
Equity				
Share capital	10,001	10,000	10,001	10,000
Reserves	823,897	826,573	741,285	766,788
Shareholders' equity	833,898	836,573	751,286	776,788
Minority interests	261	1,278	-	-
Accumulated funds of securities and derivatives fidelity funds	52,193	51,913	-	-
	886,352	889,764	751,286	776,788

1(b)(ii) Aggregate amount of group's borrowings and debt securities

	As at 31/12/2002		As at 31/12/2001	
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	Nil	Nil	Nil	Nil
Amount repayable after one year	Nil	Nil	Nil	Nil

Details of any collaterals

None.

1(c) Consolidated Cash Flow Statements

	Half Year Ended	
	31 Dec 2002	31 Dec 2001
	S\$'000	S\$'000
Cash flows from operating activities		
Profit before tax and share of results of joint venture	40,242	30,970
Adjustments for:		
Depreciation	11,564	10,184
Provision for surplus leased premises	-	7,000
Net gain on revaluation of investments	(10,295)	(7,563)
Gain on disposal of property, plant and equipment	(98)	-
Write-off of property, plant and equipment	297	672
Interest income	(1,714)	(3,599)
Operating cash flow before working capital change	39,996	37,664
Change in operating assets and liabilities		
Trade and other receivables	215,000	147,561
Trade and other payables	(219,513)	(151,113)
Cash generated from operations	35,483	34,112
Income tax paid	(11,628)	(11,103)
Dividends paid	(34,289)	(32,465)
Net cash used in operating activities	(10,434)	(9,456)
Cash flows from investing activities		
Payments for retention sum of properties	(21,175)	-
Payments for property, plant and equipment	(13,961)	(19,167)
Proceeds from disposal of property, plant and equipment	285	-
Purchase of investments	(20)	-
Interest received	1,645	5,999
Redemption of investments	-	3,937
Receipt from FSDP for property, plant and equipment purchased	161	-
Net cash used in investing activities	(33,065)	(9,231)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	161	-
Contributions from minority interests	-	3,920
Net cash from financing activities	161	3,920
Net decrease in cash and cash equivalents held	(43,338)	(14,767)
Cash and cash equivalents at the beginning of the period	253,048	230,719
Effects of exchange rate changes on cash and cash equivalents	(2)	4
Cash and cash equivalents at the end of the period	209,708	215,956

1(d)(i) Statement of Changes in Equity

Consolidated statement of changes in equity for the half year ended 31 December 2002

	Share capital	Share premium *	Retained profits and general reserve	Clearing fund reserve *	Hedging reserve *	Translation reserve *	Proposed dividends	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2002	10,000	305,537	461,877	25,000	(147)	16	34,290	836,573
Gain/(Loss) on hedging								
- unrealised	-	-	-	-	443	-	-	443
Net profit before realisation of hedging reserve	-	-	31,012	-	-	-	-	31,012
Net profit for the financial period	-	-	31,012	-	443	-	-	31,455
Currency translation differences recognised directly in shareholders' equity	-	-	-	-	-	(2)	-	(2)
Total recognised gains for the financial period	-	-	31,012	-	443	(2)	-	31,453
Dividends paid								
Final dividends - FY2002	-	-	-	-	-	-	(34,290)	(34,290)
Proposed dividends								
Interim dividends - FY2003	-	-	(23,403)	-	-	-	23,403	-
Issue of share capital	1	161	-	-	-	-	-	162
Balance at 31 December 2002	10,001	305,698	469,486	25,000	296	14	23,403	833,898

Consolidated statement of changes in equity for the half year ended 31 December 2001

	Share capital	Share premium *	Retained profits and general reserve	Clearing fund reserve *	Hedging reserve *	Translation reserve *	Proposed dividends	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2001								
- as previously reported	10,000	305,537	457,911	25,000	-	28	-	798,476
- effect of adopting SAS 31	-	-	-	-	-	-	32,465	32,465
- effect of adopting SAS 33	-	-	-	-	(1,755)	-	-	(1,755)
- as restated	10,000	305,537	457,911	25,000	(1,755)	28	32,465	829,186
Gain/(Loss) on hedging								
- unrealised	-	-	-	-	679	-	-	679
- transfer to profit and loss	-	-	(300)	-	300	-	-	-
Net profit before realisation of hedging reserve	-	-	22,020	-	-	-	-	22,020
Net profit for the financial period	-	-	21,720	-	979	-	-	22,699
Currency translation differences recognised directly in shareholders' equity	-	-	-	-	-	4	-	4
Total recognised gains for the financial period	-	-	21,720	-	979	4	-	22,703
Dividends paid								
Final dividends - FY2001	-	-	-	-	-	-	(32,465)	(32,465)
Proposed dividends								
Interim dividends - FY2002	-	-	(22,650)	-	-	-	22,650	-
Balance at 31 December 2001	10,000	305,537	456,981	25,000	(776)	32	22,650	819,424

* Non-distributable reserves are not available for distribution as cash dividends to the shareholders of the Company.

1(d)(i) Statement of Changes in Equity

Statement of changes in equity for the half year ended 31 December 2002 - Company

	Share capital	Share premium *	Retained profits and general reserve	Clearing fund reserve *	Hedging reserve *	Translation reserve *	Proposed dividends	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2002	10,000	305,537	426,961	-	-	-	34,290	776,788
Net profit - total recognised gains for the financial period	-	-	8,626	-	-	-	-	8,626
Dividends paid								
Final dividends - FY2002	-	-	-	-	-	-	(34,290)	(34,290)
Proposed dividends								
Interim dividends - FY2003	-	-	(23,403)	-	-	-	23,403	-
Issue of share capital	1	161	-	-	-	-	-	162
Balance at 31 December 2002	10,001	305,698	412,184	-	-	-	23,403	751,286

Statement of changes in equity for the half year ended 31 December 2001 - Company

	Share capital	Share premium *	Retained profits and general reserve	Clearing fund reserve *	Hedging reserve *	Translation reserve *	Proposed dividends	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2001								
- as previously reported	10,000	305,537	477,349	-	-	-	-	792,886
- effect of adopting SAS 31	-	-	-	-	-	-	32,465	32,465
- as restated	10,000	305,537	477,349	-	-	-	32,465	825,351
Net profit - total recognised gains for the financial period	-	-	(1,335)	-	-	-	-	(1,335)
Dividends paid								
Final dividends - FY2001	-	-	-	-	-	-	(32,465)	(32,465)
Proposed dividends								
Interim dividends - FY2002	-	-	(22,650)	-	-	-	22,650	-
Balance at 31 December 2001	10,000	305,537	453,364	-	-	-	22,650	791,551

* Non-distributable reserves are not available for distribution as cash dividends to the shareholders of the Company.

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all of the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

During the 6 months ended 31 December 2002, the Company issued 147,000 ordinary shares of \$0.01 each upon the exercise of options granted under the SGX Share Option Plan (ESOS).

As at 31 December 2002, there were 46,984,000 (31 December 2001: 28,339,000) unissued ordinary shares of \$0.01 each in respect of options granted.

2 Whether the figures have been audited, or reviewed and in accordance with which standard (eg the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have been reviewed in accordance with Singapore Standard on Auditing 910 - Engagements to Review Financial Statements.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Please refer to the attached Auditors' report.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group has adopted the same accounting policies and methods of computation in the financial statements for the current reporting period as those in the audited annual financial statements as at 30 June 2002.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

6 Earnings per ordinary share for the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group	
	1 Jul 2002 to 31 Dec 2002	1 Jul 2001 to 31 Dec 2001
Earnings per ordinary share for the period based on net profit attributable to shareholders:-	Cents	Cents
(a) Based on weighted average number of ordinary shares in issue	3.10	2.17
(b) On a fully diluted basis	3.10	2.17
Weighted average number of ordinary shares in issue for basic earnings per share ('000)	1,000,024	1,000,000
Adjustment for assumed conversion of share options ('000)	792	-
Weighted average number of ordinary shares for diluted earnings per share ('000)	1,000,816	1,000,000

7 Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the current period reported on and immediately preceding financial year

	Group		Company	
	As at 31 Dec 2002	As at 30 June 2002	As at 31 Dec 2002	As at 30 June 2002
	Cents	Cents	Cents	Cents
Net asset value per ordinary share based on issued share capital as at the end of the reporting period	83.39	83.66	75.13	77.68

8(a) Review of the Performance of the Company and its Subsidiaries

SGX group's business comprised mainly operating a Securities Market and Derivatives Market. We present herewith the financial information for the half years ended 31 December 2002 and 31 December 2001.

8(a)(i) Half Year Results – 6 Months ended 31 December 2002 vs 6 Months ended 31 December 2001

Net Profit / Operating Profit

The group recorded \$31.0 million net profit after tax and minority interests, compared to \$21.7 million for the previous corresponding half year ended 31 December 2001. Operating profit for the current half year ended 31 December 2002 amounted to \$28.6 million, compared to \$27.3 million for the previous corresponding half year, excluding the impact of \$7.0 million provision for surplus leased premises.

Operating Revenue

The group generated operating revenue of \$107.5 million for the current half year, compared to \$103.6 million for the previous corresponding half year. The 3.7% increase was attributable to the increase in revenue from both Securities and Derivative Markets.

Securities trading value dropped 22.5% to \$47.7 billion in the current half year from \$61.6 billion for the previous corresponding half year. This is in spite of trading volume increasing by 5.1% to 46.3 billion shares from 44.1 billion shares in the same period. Securities clearing fees increased by 5.3% to \$32.5 million from \$30.9 million, mainly due to the impact of securities market fee revision since December 2001.

Derivatives trading volume increased 8.9% to 17.3 million contracts in the current half year from 15.9 million contracts for the previous corresponding half year, largely due to higher trading volume of Eurodollar and MSCI Taiwan Index Futures. This resulted in a 10.7% increase in derivatives clearing fees and related income to \$21.0 million from \$18.9 million.

Access and terminal fees increased by 3.8% to \$16.4 million in the current half year from \$15.8 million for the previous corresponding half year, mainly due to increase in SGXAccess fee income.

Operating Costs

Total operating costs for the Group increased by 3.4% to \$78.9 million in the current half year from \$76.3 million for the previous corresponding half year, not including the \$7.0 million exceptional provision for surplus leased premises. Excluding Asia Converge Pte Ltd, total operating costs increased by 0.7% to \$74.4 million in the current half year, compared to \$73.9 million in the previous corresponding half year.

Total staff costs for the current half year increased by 6.0% to \$35.0 million for the current half year from \$33.1 million in the previous corresponding half year. Excluding Asia Converge Pte Ltd, total staff costs decreased by 0.7% to \$32.0 million in the current half year from \$32.2 million in the previous corresponding half year.

Total headcount for the Group stood at 821 as at 31 December 2002, compared to 857 as at 31 December 2001. Excluding Asia Converge Pte Ltd, the headcounts were 747 and 789 respectively.

System maintenance and rental expenses increased by 12.2%, mainly due to new system maintenance services which commenced in late FY2002.

Depreciation increased by 13.6% mainly due to SGX Centre's premises depreciation which started in November 2001.

Performance of the Securities Market

For the current half year ended 31 December 2002, the Securities Market generated \$69.3 million of operating revenue and \$40.4 million of segment profit. This compared to \$68.6 million of operating revenue and \$38.5 million of segment profit for the previous corresponding half year.

Despite the adverse impact of the weak global economy on global securities markets, including ours, the number of new listings increased to 20 in the current half year from 14 in the previous corresponding half year.

As a result of consolidations and mergers of local brokers, the number of Securities Market members dropped to 26 as at 31 December 2002 from 32 as at 31 December 2001.

Performance of the Derivatives Market

For the current half year ended 31 December 2002, the Derivatives Market generated \$30.9 million of operating revenue and \$8.6 million of segment profit. This compared to \$28.9 million of operating revenue and \$6.3 million of segment profit for the previous corresponding half year.

The volume growth in the current half year was mainly attributable to the active trading in Eurodollar contracts. The Eurodollar volume in the current half year increased 12.3% to 10.6 million contracts from 9.4 million contracts for the previous corresponding half year, and represented 61.2% of our total derivatives volume for the current half year. MSCI Taiwan Index Futures contract trading volume grew by 17.4% to 2.4 million contracts in the current half year compared to 2.1 million contracts for the previous corresponding half year. MSCI Singapore Index Futures also performed well, as volumes surged by 63.4% to 392,525 contracts in the current half year compared to 240,219 contracts for the previous corresponding half year.

Trading volume on our electronic market (ETS) increased by 21.0% to 919,316 contracts in the current half year from 759,760 contracts for the previous corresponding half year.

Investment Performance

The investment portfolio managed by independent fund managers appreciated by \$9.8 million in the current half year as a result of favorable fixed income market performance on lower interest rates. This compared to an appreciation of \$7.8 million for the previous corresponding half year.

Interest from bank deposits amounted to \$1.3 million for the current half year, \$1.2 million lower than the previous corresponding half year, mainly due to lower interest rates.

Balance Sheet

The Group remained debt-free. Its major assets as at 31 December 2002 included \$327.6 million placed with independent fund managers, \$209.7 million of cash and cash equivalents, and the SGX Centre premises at net book value of \$211.1 million. Shareholders' equity for the Group decreased slightly to \$833.9 million as at 31 December 2002 from \$836.6 million as at 30 June 2002.

Cash Flow

The Group had net cash outflow of \$43.3 million for the current half year, compared to \$14.8 million net cash outflow for the previous corresponding half year. The larger outflow in current half year was mainly due to the \$21.2 million payment of retention sum for SGX Centre.

Contingent Liabilities

As at 31 December 2002, the Group had unsecured contingent liabilities to banks for US\$76 million of standby letters of credit issued to Chicago Mercantile Exchange. These standby letters of credit provided guarantees as margin for the open positions of our clearing members, and were in turn supported by the margin funds placed with us by the latter. The Group also had A\$4.8 million unsecured guarantee to ASX International Services Pty Ltd in respect of obligations of SGXLink Pte Ltd.

8(a)(ii) Half yearly Results - 3 Months ended 31 December 2002 vs 3 Months ended 30 September 2002

Group Financial Highlights – 2Q FY2003 vs 1Q FY2003

(S\$'000)	<u>2Q FY2003</u>	<u>1Q FY2003</u>
Operating Income		
Clearing and related income	22,965	30,500
Access & terminal fees	8,081	8,277
Account maintenance & processing fees	8,102	8,728
Listing & membership fees	3,857	4,083
Price information fees	3,214	3,050
Sale of software & other computer services	1,455	1,743
Other operating income	1,682	1,751
Total Operating Income	<u>49,356</u>	<u>58,132</u>
Operating Expenses		
Staff costs	16,197	18,844
Premises	4,342	3,607
System maintenance & rental	5,599	5,367
Depreciation	5,647	5,917
Other operating expenses	6,578	6,833
Total Operating Expenses	<u>38,363</u>	<u>40,568</u>
Profit/(Loss) from Operating Activities	10,993	17,564
Net Non-Operating Income/ Expenses	5,401	6,284
Profit before Tax and Minority Interests	16,394	23,848
Share of Profit (Loss) of Joint Venture	(3)	(59)
Tax	(4,587)	(5,598)
Profit after Tax and before Minority Interests	11,804	18,191
Minority interests	590	427
Profit/(Loss) attributable to shareholders of the Company	12,394	18,618

Net Profit / Operating Profit

The group recorded \$12.4 million net profit after tax and minority interests in the second quarter ended 31 December 2002, compared to \$18.6 million for the first quarter ended 30 September 2002. Operating profit for the second quarter ended 31 December 2002 amounted to \$11.0 million, compared to \$17.6 million for the first quarter ended 30 September 2002.

Operating Revenue

The group generated operating revenue of \$49.4 million for 2Q FY2003, compared to \$58.1 million for the 1Q FY2003. The 15.1% decrease was mainly attributable to the decrease in income from both the Securities and Derivatives Markets.

Securities trading value decreased 23.6% to \$20.6 billion in 2Q FY2003 from \$27.1 billion in 1Q FY2003. As a result, securities clearing fee decreased 27.2% to \$13.7 million from \$18.8 million, while account maintenance and processing fees decreased 7.2% to \$8.1 million from \$8.7 million. IPO listings decreased to 8 in 2Q FY2003 from 12 in 1Q FY2003.

Derivatives clearing fees and related income, net of rebates, decreased by 20.7% to \$9.3 million in 2Q FY2003 from \$11.7 million for 1Q FY2003, mainly due to 25.4% decrease in the trading volume to 7.4 million contracts in 2Q FY2003 from 9.9 million contracts in 1Q FY2003.

Operating Costs

Total operating costs decreased by 5.4% to \$38.4 million from \$40.5 million between the quarters mainly due to the reversal of staff bonus provision.

Segment Performance

For 2Q FY2003, the Securities Market generated \$31.8 million of operating revenue and \$17.5 million of segment profit, compared to \$37.5 million of operating revenue and \$22.9 million of segment profit for 1Q FY2003.

The Derivatives Market generated \$14.3 million of operating revenue and \$3.0 million of segment profit for 2Q FY2003, compared to \$16.6 million of operating revenue and \$5.6 million of segment profit for 1Q FY2003.

Investment Performance

The investments placed with fund managers appreciated by \$4.5 million in 2Q FY2003, compared to \$5.3 million appreciation for 1Q FY2003.

Interest from bank deposits remained low at about \$0.6 million for both quarters due to low interest rates.

9 Where a forecast, or a prospect statement, has been properly disclosed to shareholders, any variance between it and the actual results.

Not applicable

10 Current Year Prospects And Initiatives

Our operating revenue is primarily dependent on the level of activities on our exchange, including the volume and value of the securities and derivatives contracts traded. Other factors such as the number of, and market capitalization of, listed entities and the number of new listings also affect our revenue.

Global equity market conditions have remained uncertain since our full year result announcement for FY2002. In addition, there are geo-political uncertainties that may impact business performance. However, we are not aware of any other business factors that will have a substantial adverse impact on the Group's business performance.

We highlight below key updates of our business initiatives on calendar year basis.

(a) Securities Market Initiatives

(i) *Listing and Depository Fees*

On 27 December 2002, SGX announced that listing and depository fees will be increased with effect from 1 March 2003. The revised fees will better reflect the costs of providing quality listing and depository services. This revision has taken into consideration the practices of other markets.

(ii) *Structured Warrants*

SGX has revised the listing requirements for structured warrants (formerly "covered warrants"). Effective 1 January 2003, if a structured warrant issuer commits to make a market, the issuer does not have to comply with the minimum placement and holder size requirement, while the minimum issue size is reduced from S\$5 million to S\$2 million. The alternative set of rules allows a wider range of structured warrants to be offered in the market and improves market liquidity.

(iii) *SGXAccess*

Since its launch in March 2001, 11 members have adopted SGXAccess and 2 members have committed to adopt SGXAccess. On 13 January 2003, SGX announced a one-year SGXAccess trading fee rebate scheme for brokers who trade via SGXAccess during 1 February 2003 to 31 January 2004.

(iv) *Securities Borrowing and Lending*

Effective 13 January 2003, investors with less than the minimum 50,000 shares of an eligible security are allowed to be registered as a Lending Participant on the SGX Securities Lending programme. Once registered, the investors' shareholdings will automatically be added to the lending pool when the minimum quantity is attained.

On 15 January 2003, SGX introduced open-dated loan tenures under the SGX Securities Lending Programme. Securities borrowed can be held for an undefined period, subject to recall by The Central Depository. There is no predetermined return date, and the securities can be returned in part or in full. This provides brokers with a ready source of securities which they can lend to their clients.

(v) ***Unit Share Market***

On 30 January 2003, SGX announced that, from 14 April 2003, it will introduce a Unit Share Market that allows trading of odd lots with a minimum size of 1 share.

The Unit Share Market will replace the existing Odd Lot Market, which was set up to enable trading in odd lot parcels of shares that resulted from corporate actions such as rights issues, bonus issues and stock splits. The decision to establish a Unit Share Market was taken after an extensive review which included a public consultation and feedback from the broking community.

(b) Derivatives Market Initiatives

(i) ***Middle Eastern Crude Oil Index (MECO)***

The MECO Index Futures Contract started trading on 12 November 2002 via ETS. On the same day, SGX introduced a Top Trader Incentive Scheme to reward traders who participate actively in contributing liquidity to the market. Various schemes have also been introduced subsequently to help improve the liquidity of the market.

(ii) ***DRAM Futures***

On 16 September 2002, SGX announced a plan to offer the world's first futures contract based on Dynamic Random Access Memory (DRAM) chips by the first quarter of 2003.

(iii) ***Electronic Front-End Trading System***

On 3 December 2002, SGX signed an agreement with Patsystems to use Patsystems electronic trading software as the second exchange-hosted electronic front-end trading system for the SGX ETS. This initiative will enable member firms to expand their distribution to customers trading via internet and leased lines. This new system is expected to be operational in the first quarter of 2003.

(c) Securities Processing & Settlement Outsourcing Services Initiative

Asia Converge Pte Ltd (AC)

AC had performed a critical review of its business. A series of cost cutting measures has been introduced to reduce operating cost.

11 Dividend

(a) Half year ended 31 December 2002

Name of Dividend	Interim
Dividend Type	Cash
Dividend Rate	300.0% per ordinary share less tax
Par Value of Shares	S\$0.01
Tax Rate	22.0%

(b) Half year ended 31 December 2001

Name of Dividend	Interim
Dividend Type	Cash
Dividend Rate	290.4% per ordinary share less tax
Par Value of Shares	S\$0.01
Tax Rate	22.0%

(c) Date payable

The interim dividend will be paid on 20 March 2003.

(d) Books closure date

Registrable transfers received by the Company up to 5.00 pm on 10 March 2003 will be registered before entitlements to the dividends are determined.

(e) Any other comments relating to Paragraph 11

The Directors are pleased to announce an interim gross dividend for the half year ended 31 December 2002 of S\$0.03 per share, or \$0.0234 per share net of Singapore income tax of 22%.

The Directors expect to declare and pay annual dividends of not less than 50% of the annual net profit after tax and after contribution, if any, to the fidelity funds. However, the declaration and payment of any dividends, and the timing and amount of any dividends, is subject to the discretion of the Directors. Any future determination by the Directors to pay dividends will be based upon the Group's earnings, cash flow, financial condition and capital requirements and other conditions the Directors deem relevant.

12 If no dividend has been declared/recommended, a statement to that effect

Not applicable.

13(a) Group Segment Information for the half year ended 31 December 2002

	Securities Market	Derivatives Market	Other Operations	Group
	SS'000	SS'000	SS'000	SS'000
SEGMENT REVENUE				
External revenue	69,303	30,930	7,255	107,488
Inter-segment revenue	1,697	(575)	40,361	41,483
	71,000	30,355	47,616	148,971
Less: Consolidation elimination	(1,697)	575	(40,361)	(41,483)
	69,303	30,930	7,255	107,488
RESULTS				
Segment results	40,425	8,632	4,220	53,277
Unallocated costs				(24,720)
Operating profit before tax				28,557
Interest income and other non-operating income				11,685
Share of losses of joint venture	(62)	-	-	(62)
Income taxes				(10,185)
Net profit after tax				29,995
Minority interests				1,017
Profit attributable to shareholders				31,012
OTHER INFORMATION				
Segment assets	506,279	1,633,088	16,172	2,155,539
Unallocated assets				291,647
Consolidated total assets				2,447,186
Segment liabilities	87,231	1,430,784	5,923	1,523,938
Unallocated liabilities				36,896
Consolidated total liabilities				1,560,834
Capital expenditure				
- Allocated	963	1,237	57	2,257
- Unallocated				11,543
				13,800
Depreciation				
- Allocated	4,340	2,518	259	7,117
- Unallocated				4,447
				11,564

13(b) Group Segment Information for the half year ended 31 December 2001

	Securities Market	Derivatives Market	Other Operations	Group
	SS'000	SS'000	SS'000	SS'000
SEGMENT REVENUE				
External revenue	68,615	28,886	6,116	103,617
Inter-segment revenue	502	962	37,887	39,351
	69,117	29,848	44,003	142,968
Less: Consolidation elimination	(502)	(962)	(37,887)	(39,351)
	68,615	28,886	6,116	103,617
RESULTS				
Segment results	38,520	6,299	(89)	44,730
Unallocated costs				(24,453)
Operating profit before tax				20,277
Interest income and other non-operating income				10,693
Share of losses of joint venture	(31)	-	-	(31)
Income taxes				(10,675)
Net profit after tax				20,264
Minority interests				1,456
Profit attributable to shareholders				21,720
OTHER INFORMATION				
Segment assets	549,098	1,690,001	16,292	2,255,391
Unallocated assets				335,669
Consolidated total assets				2,591,060
Segment liabilities	179,368	1,488,642	1,536	1,669,546
Unallocated liabilities				48,062
Consolidated total liabilities				1,717,608
Capital expenditure				
- Allocated	3,683	749	1,467	5,899
- Unallocated				18,689
				24,588
Depreciation				
- Allocated	3,493	2,379	230	6,102
- Unallocated				4,082
				10,184

14 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Pleaser refer to Word Document.

15 Breakdown of sales

Not applicable.

16 A breakdown of the total net annual dividend (in dollar value) for the issuer's latest full year and its previous full year

Not applicable.

BY ORDER OF THE BOARD

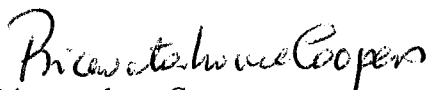
Joyce Fong
Company Secretary
21 February 2003

**REVIEW REPORT TO THE BOARD OF DIRECTORS OF
SINGAPORE EXCHANGE LIMITED**

We have reviewed the accompanying balance sheet of Singapore Exchange Limited and the consolidated balance sheet of the Group as at 31 December 2002, and the related statements of income and cash flows for the 6-month period then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with the Singapore Standard on Auditing applicable to review engagements. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying financial statements are not presented fairly, in all material respects, in accordance with Statements of Accounting Standard.



PricewaterhouseCoopers
Certified Public Accountants
Partner in charge: Phillip Tan Eng Seong

Singapore, 18 February 2003

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