



Unaudited Financial Statements for the First Quarter Ended 30 September 2002

Financial statements on consolidated results for the quarter ended 30 September 2002. Certain items reported for the quarter ended 30 September 2001 have been reclassified to conform with this report for the quarter ended 30 September 2002.

These figures have not been audited.

	Group			Company		
	S\$'000		%	S\$'000		%
	1 Jul 2002 to 30 Sep 2002	1 Jul 2001 to 30 Sep 2001	Change	1 Jul 2002 to 30 Sep 2002	1 Jul 2001 to 30 Sep 2001	Change
1.(a) Turnover						
Operating revenue						
- Management fees from subsidiaries	-	-	-	19,275	16,739	15.2
- Clearing and related income	30,500	23,783	28.2	-	-	-
- Access & terminal fees	8,277	7,410	11.7	-	-	-
- Account maintenance & processing fees	8,728	8,102	7.7	1,399	-	NM
- Listing & membership fees	4,083	4,084	(0.0)	-	-	-
- Price information fees	3,050	2,782	9.6	-	-	-
- Sale of software & other computer services	1,743	1,084	60.8	524	-	NM
- Other operating revenue	1,629	1,628	0.1	352	288	22.2
Total operating revenue	58,010	48,873	18.7	21,550	17,027	26.6
1.(b) Investment income #	5,575	5,832	(4.4)	5,333	5,595	(4.7)
1.(c) Other income including interest income	831	1,704	(51.2)	45	421	(89.3)
2.(a) Operating profit before income tax, minority interests, extraordinary items, interest on borrowings, depreciation and amortisation, foreign exchange gain/(loss) and exceptional items and after charging:-	29,748	24,035	23.8	6,275	6,318	(0.7)
- Staff costs	(18,844)	(15,633)	20.5	(12,303)	(9,738)	26.3
- Occupancy costs	(3,607)	(4,366)	(17.4)	(2,558)	(2,193)	16.6
- System maintenance & rental	(5,367)	(4,832)	11.1	(2,166)	(1,955)	10.8
- Other operating expenses	(6,850)	(7,543)	(9.2)	(3,626)	(2,839)	27.7
2.(b) Interest on borrowings	-	-	-	-	-	-
2.(c)(i) Depreciation and amortisation	(5,917)	(4,405)	34.3	(2,251)	(1,656)	35.9
2.(c)(ii) Foreign exchange gain/(loss)	17	(227)	NM	-	2	(100.0)
2.(d) Exceptional items	-	-	-	-	-	-
2.(e) Operating profit before income tax, minority interests, extraordinary items but after interest on borrowings, depreciation and amortisation, foreign exchange gain/(loss) and exceptional items	23,848	19,403	22.9	4,024	4,664	(13.7)
2.(f) Share of loss of associated company	(59)	(24)	145.8	-	-	-
2.(g) Operating profit before income tax	23,789	19,379	22.8	4,024	4,664	(13.7)
2.(h) Less income tax	(5,598)	(5,425)	3.2	(1,243)	(1,894)	(34.4)
2.(i)(a) Operating profit after tax before deducting minority interests	18,191	13,954	30.4	2,781	2,770	0.4
2.(i)(b) Minority interests	427	538	(20.6)	-	-	-
2.(j) Operating profit after tax attributable to members of the company	18,618	14,492	28.5	2,781	2,770	0.4

	Group			Company		
	SS'000		%	SS'000		%
	1 Jul 2002 to 30 Sep 2002	1 Jul 2001 to 30 Sep 2001	Change	1 Jul 2002 to 30 Sep 2002	1 Jul 2001 to 30 Sep 2001	Change
2.(k)(i)	-	-	-	-	-	-
2.(k)(ii)	-	-	-	-	-	-
2.(k)(iii)	-	-	-	-	-	-
2.(l)	18,618	14,492	28.5	2,781	2,770	0.4

Investment income comprises realised and unrealised gains or losses, and interest income from managed funds and fixed income securities.
 NM: Not meaningful.

	Group Figures	
	1 Jul 2002 to 30 Sep 2002	1 Jul 2001 to 30 Sep 2001
3.(a)	31%	29%
3.(b)	2.2%	1.7%
3.(c)		
3.(c)(i)	1.86	1.45
3.(c)(ii)	1.86	1.45
	1,000,000	1,000,000
	851	-
	1,000,851	1,000,000
3.(d)	85.30	84.42

3.(e) **Analysis of expenses based on their nature within the group**
 Paragraph 2(a) refers.

- 4.(a) Not applicable.
- 4.(b) Not applicable.
- 4.(c) Not applicable.
- 4.(d) Not applicable.

5.(a) **Amount of Adjustment for Under or Over-provision of Tax in respect of Prior Years**

The Group's tax charge for the three months ended 30 September 2002 included adjustment for under-provision of \$45,000 in respect of prior years.

5.(b) **Amount of Pre-Acquisition Profits**

Nil

5.(c) **Amount of Gain/(Loss) on Sale of Investments**

Group and Company	
S\$'000	S\$'000
1 Jul 2002 to 30 Sep 2002	1 Jul 2001 to 30 Sep 2001

Realised gain/(loss) arising from fixed income securities	(3,075)	1,111
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Investment income as stated in Paragraph 1(b) is net of the above realised gain/(loss).

5.(d) **Other Comments Relating to Paragraph 5**

Nil

6.(a) Segment Information for the 3 months ended 30 September 2002

	Securities Market	Derivatives Market	Other Operations	The Group
	S\$'000	S\$'000	S\$'000	S\$'000
SEGMENT REVENUE				
External revenue	37,354	16,603	4,053	58,010
Inter-segment revenue	969	(235)	19,544	20,278
	38,323	16,368	23,597	78,288
Less: Consolidation elimination	(969)	235	(19,544)	(20,278)
	37,354	16,603	4,053	58,010
RESULTS				
Segment results	22,787	6,275	2,752	31,814
Unallocated costs				(14,372)
Operating profit before tax				17,442
Interest income and other non-operating income				6,406
Share of losses of joint venture	(59)	-	-	(59)
Income taxes				(5,598)
Minority interests				427
Net profit				18,618
OTHER INFORMATION				
Segment assets	580,250	1,789,008	18,074	2,387,332
Unallocated assets				323,409
Consolidated total assets				2,710,741
Segment liabilities	168,117	1,585,337	5,664	1,759,118
Unallocated liabilities				43,506
Consolidated total liabilities				1,802,624
Capital expenditure				
- Allocated	257	244	42	543
- Unallocated				5,219
				5,762
Depreciation				
- Allocated	2,472	1,301	283	4,056
- Unallocated				1,861
				5,917

6.(b) Segment Information for the 3 months ended 30 September 2001

	Securities Market	Derivatives Market	Other Operations	The Group
	S\$'000	S\$'000	S\$'000	S\$'000
SEGMENT REVENUE				
External revenue	31,908	14,271	2,694	48,873
Inter-segment revenue	5	376	16,756	17,137
	31,913	14,647	19,450	66,010
Less: Consolidation elimination	(5)	(376)	(16,756)	(17,137)
	31,908	14,271	2,694	48,873
RESULTS				
Segment results	17,454	3,771	22	21,247
Unallocated costs				(9,380)
Operating profit before tax				11,867
Interest income and other non-operating income/ (loss)				7,536
Share of results of joint venture	(24)	-	-	(24)
Income taxes				(5,425)
Minority interests				538
Net Profit				14,492
OTHER INFORMATION				
Segment assets	570,106	2,320,699	15,528	2,906,333
Unallocated assets				358,663
Consolidated total assets				3,264,996
Segment liabilities	211,348	2,119,419	2,674	2,333,441
Unallocated liabilities				32,556
Consolidated total liabilities				2,365,997
Capital expenditure				
- Allocated	1,667	626	1,254	3,547
- Unallocated				2,791
				6,338
Depreciation				
- Allocated	1,529	1,126	94	2,749
- Unallocated				1,656
				4,405

The Group operates mainly in Singapore, with one marketing office in the United States of America.

7(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 unaudited financial information for the quarters ended 30 September 2002 and 30 September 2001.

7(a)(i) **First Quarter Results – 3 Months ended 30 September 2002 vs 3 Months ended 30 September 2001**

Net Profit / Operating Profit

The group recorded \$18.6 million net profit after tax and minority interests, and \$17.4 million operating profit for the current quarter ended 30 September 2002. This compared to \$14.5 million net profit after tax and minority interests, and \$11.9 million operating profit for the previous corresponding quarter ended 30 September 2001.

Operating Revenue

The group generated operating revenue of \$58.0 million for the current quarter, compared to \$48.9 million for the previous corresponding quarter. The 18.7% increase was attributable to the increase in revenue from both Securities and Derivative Markets.

Although securities trading value dropped 12.8% to \$27.1 billion in the current quarter, from \$31.0 billion for the previous corresponding quarter, the trading volume increased by 16.6% to 25.9 billion shares in the current quarter from 22.2 billion shares for the previous corresponding quarter. Securities clearing fees increased by 31.4% to \$18.8 million from \$14.3 million, mainly due to increase in non-capped transaction volume and the impact of securities market fee revision since December 2001.

Derivatives trading volume increased by 23.8% to 9.9 million contracts in the current quarter from 8.0 million contracts for the previous corresponding quarter, largely on higher Eurodollar trading volume. This resulted in a 23.5% increase in derivatives clearing fees and related income to \$11.7 million from \$9.5 million.

Access and terminal fees increased by 11.7% to \$8.3 million in the current quarter from \$7.4 million for the previous corresponding quarter, mainly due to increase in SGXAccess fee income and the monthly SESOPS fee increase from \$400 to \$480 per terminal from 1 October 2001 onward.

Account maintenance and processing fees increased by 7.7% to \$8.7 million in the current quarter from \$8.1 million in the previous corresponding quarter, mainly reflecting the securities processing income of Asia Converge Pte Ltd in the current period. Asia Converge Pte Ltd commenced operations in November 2001.

Sales of software and other computer services increased by 60.9% to \$1.7 million in the current quarter from \$1.1 million in the previous corresponding quarter, mainly reflecting the support and maintenance fee income of Asia Converge Pte Ltd in the current quarter.

Operating Costs

Total operating costs increased by 9.6% to \$40.6 million in the current quarter from \$37.0 million for the previous corresponding quarter.

The current quarter included \$1.4 million expenses of Asia Converge Pte Ltd. This amount represented 38.6% of the total increase in the group operating cost between the two quarters.

Total staff costs for the current quarter included \$1.4 million of staff costs related to Asia Converge Pte Ltd. Excluding this impact, the Group's staff costs increased by 12.2% between the two quarters, mainly due to increase in variable bonus provision. Total headcount for the Group, excluding Asia Converge Pte Ltd, stood at 757 as at 30 September 2002 compared to 806 as at 30 September 2001.

Depreciation charges increased by 34.3% mainly due to SGX Centre's premises depreciation which started in November 2001.

Performance of the Securities Market

For the current quarter ended 30 September 2002, the Securities Market generated \$37.4 million of operating revenue and \$22.8 million of segment profit. This compared to \$31.9 million of operating revenue and \$17.5 million of segment profit for the previous corresponding quarter.

Despite the adverse impact of the weak global economy on global securities markets, including ours, the number of new listings increased to 12 in the current quarter from 4 in the previous corresponding quarter.

As a result of consolidations and mergers of local brokers, the number of Securities Market members dropped to 26 as at 30 September 2002 from 33 as at 30 September 2001.

Performance of the Derivatives Market

For the current quarter ended 30 September 2002, the Derivatives Market generated \$16.6 million of operating revenue and \$6.3 million of segment profit. This compared to \$14.3 million of operating revenue and \$3.8 million of segment profit for the previous corresponding quarter.

The volume growth in the current quarter was mainly attributable to the active trading in Eurodollar contracts. The volume in the current quarter increased 35.9% to 6.4 million contracts from 4.7 million contracts for the previous corresponding quarter, and represented 65.1% of our total derivatives volume for the current quarter. Euroyen trading volume, in contrast, fell by 33.4% to 0.4 million contracts, on lower yen interest rate volatility.

MSCI Taiwan Index Futures contract trading volume grew by 23.4% to 1.2 million contracts in the current quarter compared to 1.0 million contracts for the previous corresponding quarter. MSCI Singapore Index Futures also performed well, as volumes surged by 73.3% to 184,726 contracts in the current quarter compared to 106,564 contracts for the previous corresponding quarter.

On the Singapore Dollar-denominated product front, the Singapore Government Bond Futures trading volume dropped by 66.5% to 15,726 contracts in current quarter from 46,878 contracts for previous corresponding quarter. In contrast, the Singapore Dollar Interest Rate Futures contract recorded a trading volume of 37,494 contracts during the current quarter, an increase of 11.5% over the previous corresponding quarter.

Trading volume on our electronic market (ETS) increased by 30.5% to 0.5 million contracts in the current quarter from 0.4 million contracts for the previous corresponding quarter. This was mainly attributable to business development and marketing efforts on equity index products.

Investment Performance

The investment portfolio managed by independent fund managers appreciated by \$5.3 million in the current quarter, compared to appreciation of \$5.6 million for the previous corresponding quarter.

Interest from bank deposits amounted to \$0.7 million for the current quarter, \$0.9 million lower than the previous corresponding quarter, mainly on declining interest rates.

Balance Sheet

The Group remained debt-free and its major assets as at 30 September 2002 included \$323.0 million placed with independent fund managers, \$263.2 million of cash and cash equivalents, and the SGX Centre premises at net book value of \$211.9 million. Shareholders' equity for the Group amounted to \$855.2 million as at 30 September 2002, up by \$18.6 million from \$836.6 million as at 30 June 2002.

Cash Flow

The Group had net cash inflow of \$10.1 million for the current quarter, compared to \$7.2 million net cash inflow for the previous corresponding quarter.

Contingent Liabilities

As at 30 September 2002, the Group had unsecured contingent liabilities to banks for US\$73 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.

7(a)(ii) Quarterly Results - 3 Months ended 30 September 2002 vs 3 Months ended 30 June 2002

Group Financial Highlights – 1Q FY2003 vs 4Q FY2002

(S\$'000)	<u>1Q FY2003</u>	<u>4Q FY2002</u>
Operating Revenue		
Clearing and related income	30,500	29,641
Access & terminal fees	8,277	8,211
Account maintenance & processing fees	8,728	9,892
Listing & membership fees	4,083	4,468
Price information fees	3,050	2,757
Sale of software & other computer services	1,743	1,309
Other operating revenue	1,629	3,698
	<u>58,010</u>	<u>59,976</u>
Investment income	5,575	9,935
Other income including interest income	831	629
Operating profit before income tax, minority interests, extraordinary items, interest on borrowings, depreciation and amortisation, foreign exchange gain/(loss) and exceptional items and after charging:-	29,748	30,603
Staff costs	(18,844)	(23,858)
Occupancy costs	(3,607)	(4,599)
System maintenance & rental	(5,367)	(4,298)
Other operating expenses	(6,850)	(7,182)
Interest on borrowings	-	-
Depreciation and amortisation	(5,917)	(6,618)
Foreign exchange gain/(loss)	17	(238)
Exceptional item	-	-
Operating profit before income tax, minority interests, extraordinary items but after interest on borrowings, depreciation and amortisation, foreign exchange gain/(loss) and exceptional item	23,848	23,747
Share of loss of associated company	(59)	(9)
Operating profit before income tax	23,789	23,738
Less income tax	(5,598)	(2,871)
Operating profit after tax before deducting minority interests	18,191	20,867
Minority interests	427	873
Operating profit after tax and minority interests	18,618	21,740

Net Profit / Operating Profit

The group recorded \$18.6 million net profit after tax and minority interests, and \$17.4 million operating profit for the first quarter ended 30 September 2002. This compared to \$21.7 million net profit after tax and minority interests, and \$13.2 million operating profit for the fourth quarter ended 30 June 2002.

Operating Revenue

The group generated operating revenue of \$58.0 million for 1Q FY2003, compared to \$60.0 million for the 4Q FY2002. The 3.3% decrease was mainly attributable to the decrease in income from the Securities Market.

Securities trading value decreased 6.5% to \$27.1 billion in 1Q FY2003 from \$28.9 billion in 4Q FY2002. As a result, securities clearing fee decreased 3.3% to \$18.8 million from \$19.4 million, while account maintenance and processing fees decreased 11.8% to \$8.7 million from \$9.9 million, between the two quarters. However, IPO listings increased to 12 in 1Q FY2003 from 4 in 4Q FY2002.

Derivatives clearing fees and related income, net of rebates, increased by 14.6% to \$11.7 million in 1Q FY2003 from \$10.2 million for 4Q FY2002, mainly due to 18.9% increase in the trading volume to 9.9 million contracts in 1Q FY2003 from 8.3 million contracts in 4Q FY2002.

Operating Costs

Total operating costs decreased by 13.3% to \$40.6 million from \$46.8 million between the two quarters. The 21.0% decrease in staff costs was mainly due to the first time accrual in 4Q FY2002 for staff's unutilized leave balance in accordance with SAS 17, the new accounting standard on employee benefits, and an adjustment to the last quarter's provision for staff bonus for the financial year ended 30 June 2002.

Tax

The lower effective tax rate for 4Q FY2002 was mainly due to the adjustment for FY2002 full year tax provision to 22% from 24.5%.

Segment Performance

For 1Q FY2003, the Securities Market generated \$37.4 million of operating revenue and \$22.8 million of segment profit, compared to \$40.9 million of operating revenue and \$20.6 million of segment profit for 4Q FY2002.

The Derivatives Market generated \$16.6 million of operating revenue and \$6.3 million of segment profit for 1Q FY2003, compared to \$15.1 million of operating revenue and \$1.5 million of segment profit for 4Q FY2002.

Investment Performance

The investments placed with fund managers appreciated by \$5.3 million in 1Q FY2003, compared to \$9.5 million appreciation for 4Q FY2002.

Interest from bank deposits remained fairly constant at \$0.7 million for both quarters.

7(b) Forecast Statement

Not Applicable.

7(c) Unusual Items After the Financial Period

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen from 30 September 2002 to the date of this report which would affect substantially the results of the operations of the Company and the Group for the financial period in which this report is made.

8 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. However, we are not aware of any business factors, other than those disclosed in this announcement, that will have a substantially adverse impact on the Group's business performance.

We highlight below our business initiatives and their expected time frame on calendar year basis.

8(a) Securities Market Initiatives

In our efforts to continuously grow the securities market and make it an international market place with world-class infrastructure, we have been undertaking various initiatives to expand the market, improve the infrastructure and increase product varieties to attract greater institutional and retail interest to our market.

Following are highlights of major projects and initiatives:

(i) Rules & Regulations

(a) Membership Structure

We plan to broaden our membership base by attracting new international members by marketing our membership to securities houses on both regional and global bases. In addition, we are streamlining the membership class structure. We will be introducing a new membership structure that allows new and existing members to choose between trading-only membership or clearing-only membership or trading and clearing membership. We expect to launch the new membership structure in the fourth quarter of 2002.

(b) ***Listing Manual***

Further to the launch of the new listing manual on 1 July 2002, we conducted another public consultation process on further amendments relating to the recommendations by the Disclosure and Accounting Standards Committee and other issues. We have received comments from ten respondents, and expect to finalize the proposed amendments by the end of 2002.

In addition, following a number of meetings with listed companies and having identified the need, we will be releasing a Practice Note on continuous disclosure requirement in the fourth quarter of 2002.

(c) ***SGX-ST Rules***

We are reviewing the SGX-ST Rules in consultation with member companies and others, and expect to release the Consultation Draft of the new rules for public comment in the fourth quarter of 2002.

(d) ***CDP Clearing Rules***

We are revising the CDP clearing rules to incorporate the Risk Based Capital requirements that were enacted on 1 October 2002.

(e) ***Corporate Announcement System***

To facilitate reporting by listed companies, we are planning to replace the existing MASNET system with a web-based corporate announcement system which will enable global usage and allow for customized corporate data subscription. We expect to launch the new system by the end of 2003.

(ii) ***Trading Access and Settlement Facilities***

(a) ***SGXAccess***

On 29 March 2001, we launched SGXAccess, an open interface for securities trading which provides for wider and more direct distribution of products. SGXAccess uses a widely accepted international protocol, Financial Information Exchange (FIX 4.2).

In April 2002, SGX was named Computerworld Honors Laureate for the development of SGXAccess. The award recognizes organizations and institutions that are leading the global information technology revolution.

Nine members have adopted SGXAccess while another three members have committed to adopt SGXAccess by the fourth quarter of 2002. We will continue to market SGXAccess to other member companies, on-line brokers and potential overseas brokers and traders. We expect SGXAccess transaction volume to grow as more companies seek to take advantage of the increased flexibility and versatility accorded by SGXAccess.

(b) ***Real-time Market Data Feed***

On 1 July 2002, we launched the SGX SecuritiesBook, a new real-time multi-level data feed dissemination system. This system allows investors to access full order book information on the SGX securities market, on a subscription basis. The greater transparency and the enhanced price discovery offered by the system will enable investors to make better-informed decisions.

Three members and three information service vendors have subscribed to SGX SecuritiesBook. Going forward, we will also offer SGX SecuritiesBook to listed companies and conduct direct marketing to institutional end users to improve awareness of this facility. In addition, we will make the facility available via internet.

(c) *Broker Front Office Trading System*

To facilitate members' migration to SGXAccess, we are evaluating the feasibility of providing a broker front office trading system to the broking community. We have presented the proposed vendor details and system model to the local trading members and are now gathering feedback from them.

(iii) Product Initiatives

(a) *Exchange Traded Funds (ETFs)*

ETFs are indexed funds or baskets of stocks that trade in the same way as individual stocks. Further to the 5 ETFs launched in May 2001, Singapore's first local ETF, the streetTRACKSSM Straits Times Index Fund, was listed on SGX on 17 April 2002. This product was jointly developed by SGX and State Street Global Advisors.

(b) *Securities Borrowing and Lending*

The SGX Securities Lending programme was launched on 7 January 2002 and to date we have built a lending pool with about 1,200 participants registered to lend about 480 million shares of 185 eligible securities valued about \$600 million in total.

We continue to enhance the facility to increase borrowing activities. Effective 8 April 2002, borrowers are able to request for successive rollovers of the loan term of T+3 market days. From 15 April 2002 onward, live information on the securities lending pool is accessible via SGX website. This information allows market participants to make more timely decisions to cover potential fail trades and to execute additional trading strategies.

We are developing the next phase of the lending programme, which will provide borrowers with the flexibility of requesting for specific loan periods and negotiating the borrowing rates.

The Securities Lending programme provides investors with additional income opportunities, improves investment and hedging opportunities for market participants and helps pave the way for the development of an active equity options market.

(c) *Unit Share Market*

Subject to regulatory approval, we are considering the implementation of a Unit Share Market to replace the existing Odd Lot Market with a view to improving efficiency in the trading of odd lots, thereby increasing liquidity of the underlying shares. This in turn will make the market more attractive to a wider spectrum of investors, especially those who desire to trade in smaller parcels of shares and those with odd lot holdings arising from corporate actions. Evaluation of public feedback is now underway.

(iv) **Cross Border Linkage/Strategic Alliance**

(a) **Cross Border Linkage Infrastructure**

The ASX-SGX co-trading linkage, the first such facility in the world, was officially launched on 20 December 2001. This electronic linkage allows brokers at each exchange to transmit orders through their existing trading terminals directly into the electronic trading system of the other exchange for execution. Information necessary for clearing and settlement is also provided.

This facility is intended to increase the liquidity of the securities covered. The linkage may also serve as a model for regional co-operation to enhance our market reach, liquidity and product range to meet the needs of investors. Through 30 September 2002, about \$187 million in securities trading value has gone through the link.

(b) **Strategic Alliance With Tokyo Stock Exchange**

On 1 October 2001, SGX and Tokyo Stock Exchange (TSE) signed a Heads of Agreement (HOA) to pursue a strategic alliance. Under the agreement, both Exchanges continue to engage each other in the discussion of issues relating to products listed on SGX and TSE as well as new product development.

(v) **Listing Marketing**

During the current quarter, we have made marketing trips to Malaysia, Indonesia, Thailand, India and China to promote SGX as the preferred listing venue. The response, particularly from China, has been encouraging.

Apart from continuing to reach out to potential foreign listings through marketing efforts in these countries, Taiwan and other South East Asian countries, we plan to organise a 2-day "China Play" event to showcase China-related companies that are listed on SGX-ST to both institutional and retail participants during the fourth quarter of 2002, and organise a series of events to commemorate SESDAQ 15th Anniversary in November 2002.

8(b) **Derivatives Market Initiatives**

In our parallel efforts to continuously grow the derivatives market, we have been expanding trading access and improving the facilities for transaction execution. In addition, new products have been scheduled for launch to provide additional market liquidity and to increase trading and hedging opportunities.

Following are highlights of major projects:

(i) **Trading Access and Facilities**

(a) **Global Electronic Trading Centre (GETC)**

The Global Electronic Trading Centre (GETC) was opened on 28 October 2002. GETC's state-of-the-art trading infrastructure and facility cater to the demands of traders for direct access to both SGX derivatives and securities markets and other approved overseas markets to trade in various financial instruments, all from one location and with one electronic access.

The comprehensive range of trading related services now available at the GETC is designed to provide traders with enhanced trading capability.

The previous ETS Trading Rooms at the OUB Centre and SICOM were closed on 28 October 2002.

(ii) Product Initiatives

(a) *Single Stock Futures*

Since its launch based on 15 selected stocks listed on SGX-ST on 26 October 2001, six additional Single Stock Futures (SSFs) were listed on 15 August 2002 in line with the growing interest and market participants' request for more SSFs for trading and risk management activities. All these SSFs can be traded electronically through ETS and SESOPS terminals.

As of end September 2002, over 19,000 SSF contracts have been traded.

(b) *Euroyen Options on Mutual Offset System with CME*

We are working on introducing Euroyen options on SGX's Mutual Offset System (MOS) with the Chicago Mercantile Exchange (CME) in the coming month. This new addition will meet market demands for greater cost efficiency by using the instrument for round-the-clock trading and hedging.

(c) *Middle Eastern Crude Oil Index*

On 3 April 2002, SGX and the Tokyo Commodity Exchange (TOCOM) signed an agreement to cooperate on the launch of the Middle Eastern Crude Oil (MECO) Index Futures Contract on SGX. Under this agreement, both exchanges will also explore the possibility of further cooperation in other products, and in the joint development of new risk management tools to meet the needs of investors and traders in the region.

SGX and TOCOM have also signed a tripartite licensing agreement on 23 September 2002 with Platts to use Platts' Middle East benchmarks for the purposes of settling both SGX's and TOCOM's MECO Index Futures Contract.

The MECO Index Futures Contract started trading on 12 November 2002 via ETS.

(d) *DRAM Futures*

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

DRAM chips are semiconductor chips used in a growing array of electronic products and the prices of DRAM chips have been subject to high volatility due to extreme fluctuations in demand and supply. SGX embarked on the development of a DRAM futures contract after feedback from chip manufacturers, users and other players in the electronic industry regarding their need to manage risks and costs effectively. At the same time, the futures contract will present unique opportunities for trading and arbitraging by players in the financial and futures industries.

This initiative is supported by the Infocomm Development Authority of Singapore and the International Enterprise Singapore and subject to regulatory approval, the DRAM Futures contract will be traded on the ETS.

(iii) Cross Border Linkage/Strategic Alliance

(a) *Synergistic Alliance*

We are in discussion with a number of exchanges about the possibility of establishing trading and clearing co-operation, with an aim to expand the trading product range and allow market participants to manage their positions and risks around the clock with minimal costs.

8(c) Securities Processing & Settlement Outsourcing Services Initiative

• ***Asia Converge Pte Ltd***

On 27 March 2001, SGX-ITS signed an agreement to form a joint venture company, Asia Converge Pte Ltd (AC), with DBS Vickers Securities (Singapore) Pte Ltd and OCBC Securities Pte Ltd to provide securities processing and settlement outsourcing services.

AC has been conducting extensive marketing to acquire new customers. A series of cost cutting measures have also been introduced to increase competitiveness.

AC is currently performing a critical review of the business.

8(d) Technology and System Initiative

• ***Consolidation of Trading and Clearing System***

We have issued Request for Information documents to external vendors to examine the feasibility of consolidating our technology operating systems and we have received numerous proposals from the vendors. We are currently conducting a structured assessment of the proposals.

This move is part of our broader strategic study currently being undertaken to review our technology plan, in support of our strategic vision of creating a fully integrated trading, clearing and settlement facility for both equities and derivatives products.

9. **Dividend**

Any dividend declared for the present financial period?	None
Any dividend declared for the previous corresponding period?	None

10.(a) **Balance Sheets**

	Group		Company	
	As at 30 Sep 02	As at 30 Jun 02	As at 30 Sep 02	As at 30 Jun 02
	S\$'000	S\$'000	S\$'000	S\$'000
Current assets				
Cash and cash equivalents	263,150	253,048	24,592	23,127
Trade and other debtors	168,369	313,371	14,086	21,809
Derivatives margin funds and deposits	1,568,998	1,532,519	-	-
Securities clearing funds	34,013	34,148	-	-
Available-for-sale investments	340,999	335,437	322,966	317,454
	2,375,529	2,468,523	361,644	362,390
Non-current assets				
Property, plant and equipment	279,893	279,976	50,391	47,413
Intangible asset, at cost	2,248	2,368	-	-
Club memberships	700	700	724	700
Investments in subsidiaries	-	-	392,340	392,340
Investments in joint venture	309	368	-	-
	283,150	283,412	443,455	440,453
Net assets of securities and derivatives fidelity funds	52,062	51,913	-	-
Total assets	2,710,741	2,803,848	805,099	802,843
Current liabilities				
Trade and other creditors	189,810	337,430	12,392	13,382
Derivatives margin funds and deposits	1,568,998	1,532,519	-	-
Securities clearing members' contributions to clearing funds	9,013	9,148	-	-
Provision for surplus leased premises and unutilized leave	4,049	4,049	2,602	2,601
Taxation	19,905	19,595	2,721	2,119
	1,791,775	1,902,741	17,715	18,102
Non-current liabilities				
Provision for surplus leased premises	4,816	4,816	3,549	3,549
Deferred tax liabilities	6,033	6,527	4,266	4,404
	10,849	11,343	7,815	7,953
Total liabilities	1,802,624	1,914,084	25,530	26,055
Net assets	908,117	889,764	779,569	776,788
Equity				
Share capital	10,000	10,000	10,000	10,000
Reserves	845,204	826,573	769,569	766,788
Shareholders' equity	855,204	836,573	779,569	776,788
Minority interests				
851	1,278	-	-	
Accumulated funds of securities and derivatives fidelity funds	52,062	51,913	-	-
	908,117	889,764	779,569	776,788

10.(b) **Consolidated Cash Flow Statement**

	3 Months Ended	
	30 Sep 02	30 Sep 01
	S\$'000	S\$'000
Cash flows from operating activities		
Profit before tax and share of results of joint venture	23,848	19,403
Adjustments for:		
Depreciation	5,917	4,405
Net gain on revaluation of investments	(5,383)	(5,571)
Write-off of fixed assets	48	-
Interest income	(970)	(1,971)
Operating cash flow before working capital change	23,460	16,266
Change in operating assets and liabilities		
Trade and other receivables	144,933	110,059
Trade and other payables	(147,619)	(117,204)
Cash generated from operations	20,774	9,121
Income tax paid	(5,782)	(4,635)
Net cash from operating activities	14,992	4,486
Cash flows from investing activities		
Payments for property, plant and equipment	(5,762)	(6,338)
Interest received	869	1,169
Proceeds from sale of investments	-	3,937
Net cash used in investing activities	(4,893)	(1,232)
Cash flows from financing activities		
Contributions from minority interests	-	3,920
Net cash from financing activities	-	3,920
Net increase in cash and cash equivalents held	10,099	7,174
Cash and cash equivalents at the beginning of the period	253,048	230,719
Effects of exchange rate changes on cash and cash equivalents	3	(10)
Cash and cash equivalents at the end of the period	263,150	237,883

10.(c) Changes in Equity

(i) Consolidated statement of changes in equity for the 3 months ended 30 September 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	-	-	-	-	10	-	-	10
Net profit before realisation of hedging reserve	-	-	18,618	-	-	-	-	18,618
Net profit for the financial period	-	-	18,618	-	10	-	-	18,628
Currency translation differences recognised directly in shareholders' equity	-	-	-	-	-	3	-	3
Total recognised gains for the financial period	-	-	18,618	-	10	3	-	18,631
Balance at 30 September 2002	10,000	305,537	480,495	25,000	(137)	19	34,290	855,204

(ii) Consolidated statement of changes in equity for the 3 months ended 30 September 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	-	-	-	-	549	-	-	549
Net profit before realisation of hedging reserve	-	-	14,492	-	-	-	-	14,492
Net profit for the financial period	-	-	14,492	-	549	-	-	15,041
Currency translation differences recognised directly in shareholders' equity	-	-	-	-	-	(10)	-	(10)
Total recognised gains for the financial period	-	-	14,492	-	549	(10)	-	15,031
Balance at 30 September 2001	10,000	305,537	472,403	25,000	(1,206)	18	32,465	844,217

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

(iii) Statement of changes in equity for the 3 months ended 30 September 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	-	-	2,781	-	-	-	-	2,781
Balance at 30 September 2002	10,000	305,537	429,742	-	-	-	34,290	779,569

(iv) Statement of changes in equity for the 3 months ended 30 September 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	-	-	2,770	-	-	-	-	2,770
Balance at 30 September 2001	10,000	305,537	480,119	-	-	-	32,465	828,121

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

11. **Details of Changes in the Company's Issued Share Capital**

There have been no change in the issued share capital of the company during the period. As at 30 September 2002, there were 30,202,000 (30 June 2002: 30,296,000) unissued ordinary shares of \$0.01 each granted under the SGX Share Option Plan.

12. **Comparative Figures of the Group's Borrowings and Debt Securities**

		As at 30/09/2002		As at 30/06/2002	
		Secured	Unsecured	Secured	Unsecured
13.(a)	Amount repayable in one year or less, or on demand	Nil	Nil	Nil	Nil
13.(b)	Amount repayable after one year	Nil	Nil	Nil	Nil

13.(c) Any other comments relating to Paragraph 11
Nil.

14. 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.

BY ORDER OF THE BOARD

Joyce Fong
Company Secretary
14 November 2002