



THE CENTRAL DEPOSITORY (PTE) LIMITED

(Securities Clearing and Depository division of SGX)

FINANCIAL STATEMENTS 2002

tomorrow's market, today

THE CENTRAL DEPOSITORY (PTE) LIMITED

(Securities Clearing and Depository division of SGX)

Tel : (65) 6535 7511
Fax : (65) 6535 0775
Website : www.cdp.com.sg

Auditors

PricewaterhouseCoopers
Certified Public Accountants, Singapore
8 Cross Street
#17-00 PWC Building
Singapore 048424

Board of Directors

Mr J Y Pillay
Mr Thomas A. Kloet
Mr Ang Swee Tian
Mr Peter Chia Chon Hian
Mr George Teo Eng Kim

Contents

Directors' Report	03
Statement by Directors	07
Auditors' Report	08
Balance Sheet	09
Income Statement	10
Statement of Changes in Equity	11
Notes to the Financial Statements	12

Directors' Report

For the financial year ended 30 June 2002

The directors present their report to the shareholder together with the audited financial statements for the financial year ended 30 June 2002.

Directors

The directors at the date of this report are:

- J Y Pillay
- Thomas A. Kloet
- Ang Swee Tian
- Peter Chia Chon Hian
- 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 subsidiaries are set out in Note 8 to the financial statements.

There have been no significant changes in the principal activities of the Company and its subsidiaries during the financial year.

Results for the Financial Year

	\$'000
Profit after tax	<u>46,330</u>

Material Movements in Reserves and Provisions

Material movements in reserves and provisions are set out in the financial statements.

Acquisition and Disposal of Subsidiaries

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

Issue of Shares and Debentures

There were no issues 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

According to the register of directors' shareholdings, none of the directors holding office at 30 June 2002 had any interests in the share capital of the Company at any time during the financial year.

The interests in the shares in, or debentures of, related companies of directors holding office at 30 June 2002, who are also directors of the holding company are recorded in the register of directors' shareholdings of the holding 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

	Number of ordinary shares of \$0.01 each registered in the name of director at		Number of ordinary shares of \$0.01 each in which a director is deemed to have an interest at	
	<u>30.6.2002</u>	<u>1.7.2001</u>	<u>30.6.2002</u>	<u>1.7.2001</u>
<u>Singapore Exchange Limited</u>				
Ang Swee Tian	155,000	145,000	12,000	12,000
Peter Chia Chon Hian	85,000	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 of \$0.01 each under option held by director at	
	<u>30.6.2002</u>	<u>1.7.2001</u>
<u>Singapore Exchange Limited</u>		
Ang Swee Tian	500,000	250,000
Peter Chia Chon Hian	350,000	175,000

Dividends

No dividends have been paid, declared or proposed since the end of the preceding financial year.

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 values in the ordinary course of business have been written down to their estimated realisable values or that adequate provision has been made for the diminution in values 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 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 during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature, except for the exceptional charge arising from the provision for surplus leased premises as a result of the relocation of most of the Company's operations to SGX Centre as disclosed in Note 10 to the financial statements.

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 (other than as disclosed in this report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except that certain directors are directors and/or executives of the holding company and received remuneration and benefits in those capacities.

Share Options

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


No shares have been issued during the financial 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.

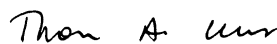
Auditors

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

On behalf of the directors



J Y Pillay
Director



Thomas A. Kloet
Director

15 August 2002

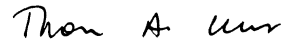
Statement by Directors

In the opinion of the directors, the financial statements set out on pages 9 to 24 are drawn up so as to give a true and fair view of the state of affairs of the Company at 30 June 2002 and of the results of the business and 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



J Y Pillay
Director



Thomas A. Kloet
Director

15 August 2002

Auditors' Report to the Shareholder of The Central Depository (Pte) Limited

We have audited the financial statements of The Central Depository (Pte) Limited for the financial year ended 30 June 2002 set out on pages 9 to 24. 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 2002, the 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, 15 August 2002

Balance Sheet

As at 30 June 2002

	Notes	2002 \$'000	2001 \$'000
Current assets			
Cash and cash equivalents	3	147,741	99,688
Trade and other debtors	4	289,001	304,813
Amount due from related companies	5	7	341
Clearing Fund	6	33,578	33,354
		470,327	438,196
Non-current assets			
Property, plant and equipment	7	71,795	72,106
Investments in subsidiaries	8	400	400
		72,195	72,506
Total assets		542,522	510,702
Current liabilities			
Trade and other creditors	9	288,518	302,869
Amount due to holding company and related companies	5	3,407	3,253
Clearing Members' contributions to Clearing Fund	6	8,578	8,354
Provision for surplus leased premises and unutilised leave	10	585	-
Taxation	13	12,896	15,452
		313,984	329,928
Non-current liabilities			
Provision for surplus leased premises	10	1,098	-
Deferred tax liabilities	13	416	80
		1,514	80
Total liabilities		315,498	330,008
Net assets		227,024	180,694
Equity			
Share capital	11	100,000	100,000
Reserves		127,024	80,694
		227,024	180,694

The accompanying notes form an integral part of these financial statements.
Auditors' Report - page 8

Income Statement

For the financial year ended 30 June 2002

	Notes	2002 \$'000	2001 \$'000
Operating revenue			
Clearing fees		76,534	73,423
Account maintenance and processing fees		27,668	28,276
Membership fees		1,000	916
Other computer services		989	869
Other operating revenue		5,620	2,919
Total operating revenue		111,811	106,403
Operating expenses			
Staff cost recharges		9,162	7,566
Occupancy costs		2,339	1,860
Depreciation		1,268	591
System maintenance and rental		1,093	1,194
Management fees		35,791	33,348
Provision for surplus leased premises		1,423	-
Other operating expense		5,919	6,494
Total operating expenses		56,995	51,053
Profit from operating activities		54,816	55,350
Non-operating income			
Interest income		1,986	3,485
Other non-operating income		555	50
Total non-operating income		2,541	3,535
Profit before tax	12	57,357	58,885
Tax	13	(11,027)	(15,364)
Profit after tax		46,330	43,521

The accompanying notes form an integral part of these financial statements.
Auditors' Report - page 8

Statement of Changes in Equity

For the financial year ended 30 June 2002

	Note	Share capital \$'000	Clearing Fund reserve * \$'000	Retained profits \$'000	Total equity \$'000
Balance as at 1 July 2001		100,000	25,000	55,694	180,694
Net profit - total recognised gains for the financial year		-	-	46,330	46,330
Balance as at 30 June 2002		100,000	25,000	102,024	227,024
Balance as at 1 July 2000		100,000	25,000	67,173	192,173
Net profit - total recognised gains for the financial year		-	-	43,521	43,521
Dividends paid - Financial year 2001	14	-	-	(55,000)	(55,000)
Balance as at 30 June 2001		100,000	25,000	55,694	180,694

* Clearing Fund reserve is not available for distribution as cash dividends to the shareholder of the Company.

Notes to the Financial Statements

For the financial year ended 30 June 2002

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 registered office is:

2 Shenton Way
#19-00, SGX Centre 1
Singapore 068804

The principal activities of the Company are to provide clearing, depository and related services for securities transactions. The principal activities of subsidiaries are set out in Note 8 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 have been prepared in compliance with Singapore Statements of Accounting Standard ("SAS"). The new or revised SAS adopted during the financial year include:

- | | |
|-------------------------|--|
| • SAS 8 (Revised 2000) | Net Profit or Loss for the Period, Fundamental Errors and Changes in Accounting Policies |
| • SAS 10 (Revised 2000) | Events after the Balance Sheet Date |
| • SAS 12 (Revised 2001) | Income Taxes |
| • SAS 17 (Revised 2000) | Employee Benefits |
| • SAS 31 | Provisions, Contingent Liabilities and Contingent Assets |
| • SAS 32 | Financial Instruments - Disclosure and Presentation |
| • SAS 33 | Financial Instruments: Recognition and Measurement |
| • SAS 34 | Intangible Assets |
| • SAS 36 | Impairment of Assets |

SAS 33 has been adopted in the financial statements before its effective date.

There are no material adjustments to the financial statements arising from the adoption of these new or revised SAS.

2. Significant Accounting Policies (continued)

(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 2 Shenton Way, #19-00, SGX Centre 1, Singapore 068804.

(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 that are intended to be held for the long term are stated in the financial statements at cost less provision. Provision is made in recognition of any diminution in the value of the investments 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.

When the carrying amount of an asset is greater than its estimated recoverable amount, it is written down to its estimated recoverable amount.

(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 as follows:

Leasehold land	Remaining term of the lease from date of occupation
Leasehold building	Lower of 30 to 50 years or remaining lease period
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

No depreciation is provided on properties under development and work-in-progress.

Fully depreciated assets still in use are retained in the financial statements.

2. Significant Accounting Policies (continued)

(h) Revenue recognition

Revenue is recognised on the following basis:

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

In the current financial year, certain categories of operating revenue, which were previously presented net of pertaining direct costs, have been presented on a gross basis, resulting in an increase in comparative operating revenues and operating expenses for the Company by \$4,680,000 each.

(i) Taxation

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The principal temporary differences arise from depreciation on property, plant and equipment and revaluations of certain non-current assets. Tax rates enacted or substantively enacted by the balance sheet date are used to determine deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(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.

(k) Provisions

Provisions are recognised when the Company has a present obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Surplus leased premises

Provision is made for surplus leased premises which are currently leased under non-cancellable operating leases and are expected to be sub-let for lower rentals than it is presently obliged to pay under the existing lease.

The provision is calculated on a discounted cash flow basis.

(l) Share capital

Ordinary shares are classified as equity.

Dividends on ordinary shares are recognised in equity in the year in which they are declared.

(m) Financial risk management

The financial risk management of the Company is undertaken by the holding company as part of the operations of the Group, and these processes and policies are described in the financial statements of the holding company.

2. Significant Accounting Policies (continued)

(n) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year. Where applicable, the comparatives have been adjusted or extended to take into account the requirements of the new or revised SAS which the Company implemented during the financial year ended 30 June 2002.

There are no changes in accounting policy that materially affect operating profit resulting from the adoption of the new or revised standards in these financial statements, as the Company was already following the recognition and measurement principles in those standards.

3. Cash and Cash Equivalents

	2002 \$'000	2001 \$'000
Cash at bank and on hand	147,741	1,688
Fixed deposits with banks	-	98,000
	147,741	99,688

Cash at bank of \$147,452,000 (2001: \$1,333,000) bear interest at an average rate of 0.60% (2001: 3.67%) per annum.

The fixed deposits at the balance sheet date have the following average maturity and weighted average effective interest rate:

	2002 \$'000	2001 \$'000
Average maturity (days)	-	30
Effective weighted average interest rate (% per annum)	-	2.27

4. Trade and Other Debtors

	2002 \$'000	2001 \$'000
Trade debtors	288,427	303,327
Less: Provision for doubtful debts (Note (a))	(464)	(318)
	287,963	303,009
Other debtors (Note (b))	1,038	1,804
	289,001	304,813

4. Trade and Other Debtors (continued)

- (a) Movements in provision for doubtful debts are as follows:

	2002 \$'000	2001 \$'000
Balance at the beginning of the financial year	318	316
Provision for doubtful debts	146	2
Balance at the end of the financial year	464	318

- (b) Other debtors comprise:

Interest receivable	104	794
Deposits	35	36
Prepayments	556	666
Others (non-trade)	343	308
	1,038	1,804

5. Holding Company and Related Companies

	2002 \$'000	2001 \$'000
(a) Amounts due from related companies		
Due from subsidiaries – non-trade	-	267
Due from fellow subsidiaries – non-trade	7	74
	7	341
(b) Amounts due to holding company and related companies		
Due to holding company – trade	3,317	3,215
Due to fellow subsidiaries – non-trade	88	38
Due to fellow subsidiaries – trade	2	-
	3,407	3,253

- (c) 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) the holding company, subsidiaries and fellow subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

6. Clearing Fund

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 its obligations, and liabilities of defaulting Clearing Members arising from transactions in approved securities.

The Company has prescribed that the fund size will be \$160 million. The Company has contributed \$25 million (2001: \$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 (2001: \$45 million and \$75 million respectively).

Payments out of the CDP Clearing Fund shall be made in the following order:

- (i) Contributions by defaulting Clearing Members
- (ii) Contributions of CDP
- (iii) Contributions by all other Clearing Members on pro-rata basis in the proportion of each Clearing Member's turnover to the total turnover of all Clearing Members at that point of default.
- (iv) Insurance
- (v) Standby credit facility

Clearing Fund contributions comprise:

	2002	2001
	\$'000	\$'000
Cash contributions by Clearing Members	8,578	8,354
Cash contributions by the Company	25,000	25,000
	33,578	33,354
Contribution by Clearing Members in the form of bank guarantees	9,524	12,113
	43,102	45,467

As at 30 June 2002, all cash contributions are placed in interest bearing accounts with banks and are included in cash and cash equivalents on the balance sheet. Interest earned on the cash contributions by Clearing Members is credited to the Clearing Members while interest earned on the cash contributions by the Company is credited to the Company.

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

The contributions of Clearing Members are recorded as current liabilities of the Company.

The contributions by the Company are included in the reserves of the Company.

7. Property, Plant and Equipment

	Leasehold land and building \$'000	Leasehold improvements \$'000	Furniture, fittings and office equipment \$'000	Motor vehicles \$'000	Computers \$'000	Work-in- progress ** \$'000	Total \$'000
<u>Cost</u>							
At 1 July 2001	65,824	943	3,344	47	1,740	5,676	77,574
Additions #	252	-	12	-	330	332	926
Intercompany transfer	-	-	-	-	-	33	33
Reclassifications	-	(197)	543	-	1,625	(1,971)	-
Disposal	-	-	(183)	-	-	-	(183)
At 30 June 2002	66,076	746	3,716	47	3,695	4,070	78,350
<u>Accumulated depreciation</u>							
At 1 July 2001	-	871	3,245	28	1,324	-	5,468
Depreciation charge	576	45	63	12	572	-	1,268
Reclassifications	-	(197)	197	-	-	-	-
Disposals	-	-	(181)	-	-	-	(181)
At 30 June 2002	576	719	3,324	40	1,896	-	6,555
<u>Net book value</u>							
At 30 June 2002	65,500	27	392	7	1,799	4,070	71,795
<u>Net book value</u>							
At 30 June 2001	65,824	72	99	19	416	5,676	72,106

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

Amounts shown are net of government grant received during the year (Note (15)).

8. Investments in Subsidiaries

Name of subsidiaries	Principal activities	Country of business and incorporation	Equity holding held		Cost of investment	
			2002 %	2001 %	2002 \$'000	2001 \$'000
Macronet Information Pte Ltd	Provide corporate share registration and custody - related services	Singapore	100	100	200	200
Options Clearing Company (Pte) Limited	Provide facilities for the registration of options and the maintenance of margin for the options relating to securities	Singapore	100	100	200	200
CDP Nominees Pte Ltd	Dormant	Singapore	100	100	#	#
CDP Nominees (II) Pte Ltd	Dormant	Singapore	100	100	#	#
Asiaclear Pte Ltd	Dormant	Singapore	100	100	#	#
Globalclear Pte Ltd	Dormant	Singapore	100	100	#	#
					400	400

\$2

9. Trade and Other Creditors

	2002 \$'000	2001 \$'000
Trade creditors	279,641	291,757
Other creditors (Note (a))	8,877	11,112
	288,518	302,869

(a) Other creditors comprise:

Retention sums	4,664	4,664
Provision for bonus and Central Provident Fund	1,896	1,048
Accrued expenses	1,323	4,323
GST payable (net)	591	578
Advance receipts	379	452
Brokerage payable	24	47
	8,877	11,112

10. Provision for Surplus Leased Premises and Unutilised Leave

(a) Current

	2002 \$'000	2001 \$'000
Provision for surplus leased premises (Note (c))	325	-
Provision for unutilised leave	260	-
	585	-

(b) Non-current

	2002 \$'000	2001 \$'000
Provision for surplus leased premises (Note (c))	1,098	-

(c) Provision for surplus leased premises

The amounts shown comprise gross provisions in respect of non-cancellable operating leases which the Company currently does not occupy and does not expect to occupy in the future.

The provision has been calculated on the basis of discounted net future cash flow which the Company has to pay the landlord after deducting any rental received or expected to be received from subletting the surplus leased premises from the rent which the Company is obliged to pay under the original lease agreements with the landlord.

11. Share Capital

(a) Authorised ordinary share capital

	2002 \$'000	2001 \$'000
200 million (2001: 200 million) ordinary shares of \$1 each (2001: \$1 each)	200,000	200,000

(b) Issued and fully paid ordinary share capital

	2002 \$'000	2001 \$'000
100 million (2001: 100 million) ordinary shares of \$1 each (2001: \$1 each)	100,000	100,000

12. Profit Before Tax

	2002 \$'000	2001 \$'000
<u>Profit before tax is arrived at after:</u>		
<i>Charging:</i>		
Auditors' remuneration		
- current year	59	45
- prior year	14	10
Depreciation of property, plant and equipment		
- Leasehold land and building	576	-
- Leasehold improvements	45	51
- Furniture, fittings and office equipment	63	312
- Motor vehicles	12	12
- Computers	572	216
Provision for doubtful trade debts	146	2
Net foreign exchange loss	46	-
Rental expenses - operating leases	1,777	1,649
Provision for unutilised leave	260	-
Exceptional item - Provision for surplus leased premises	1,423	-
<i>And crediting:</i>		
Gain on disposal of property, plant and equipment	13	-
Interest income		
- Fixed deposits	1,499	3,368
- Bank	3,302	421
Net foreign exchange gain	-	53

13. Taxation

(a) Tax expense

	2002 \$'000	2001 \$'000
<u>Tax expense attributable to profit is made up of:</u>		
Current tax	12,900	14,414
Deferred tax	336	-
	13,236	14,414
(Over)/underprovision in preceding financial years	(2,209)	950
	11,027	15,364

13. Taxation (continued)

(b) Tax reconciliation

The income tax expense on the results for the financial year varies from the amount of income tax determined by applying the Singapore standard rate of income tax to profit before taxation due to the following factors:

	2002 \$'000	2001 \$'000
Profit before tax	57,357	58,885
Tax calculated at a tax rate of 22% (2001: 24.5%)	12,618	14,427
Singapore statutory income exemption	(12)	(13)
Differences not agreed with income tax authority	449	-
Expenses not deductible for tax purposes	138	-
Effect of different tax rates on income	43	-
	13,236	14,414

(c) Movements in provision for taxation

	2002 \$'000	2001 \$'000
Balance at the beginning of the financial year	15,452	27,917
Income tax paid	(13,247)	(27,829)
Current financial year's tax expense on profit	12,900	14,414
(Over)/underprovision in preceding financial years	(2,209)	950
Balance at the end of the financial year	12,896	15,452

(d) Composition of deferred tax liabilities

Deferred tax liabilities comprise the estimated expense at current income tax rates on the following items:

	2002 \$'000	2001 \$'000
Difference in depreciation of property, plant and equipment for accounting and income tax purposes	393	80
Interest income receivable for tax purpose	23	-
	416	80

(e) Movements in deferred tax liabilities

	2002 \$'000	2001 \$'000
Balance at the beginning of the financial year	80	80
Charged to income statement	336	-
Balance at the end of the financial year	416	80

14. Dividends

	2002 \$'000	2001 \$'000
<u>Ordinary dividends paid or proposed</u>		
Interim dividend of nil cents (2001: 0.7383 cents) per share, paid net of tax at 22% (2001: 25.5%)	-	55,000

15. Government Grant

During the year, the Company received a government grant of \$686,000 (2001: nil) from the Financial Sector Development Fund ("FSDF").

Reimbursement for property, plant and equipment of \$661,000 (2001: nil) was deducted from the relevant assets to arrive at the carrying amount of the assets. The remaining balance of \$25,000 (2001: nil) was offset against related expenses in the income statement.

16. Commitments for Expenditure

(a) Capital commitments

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

	2002 \$'000	2001 \$'000
Expenditure contracted for		
- property, plant and equipment	17	1,121

(b) Lease commitments

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

	2002 \$'000	2001 \$'000
Not later than one financial year	1,285	94
Later than one financial year but not later than five financial years	4,548	374
Later than five financial years	-	27
	<u>5,833</u>	<u>495</u>

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. Contingent Liability

At the balance sheet date, the Company has a standby credit facility of \$75 million secured on behalf of the Clearing Fund to be utilised to discharge liabilities of Clearing Members.

18. Number of Employees

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

19. Net Fair Values of Financial Assets and Liabilities

Financial assets and liabilities are carried at cost which approximate their fair values.

20. Authorisation of Financial Statements

These financial statements have been authorised for issue by the Board of Directors on 15 August 2002.



SINGAPORE OFFICE

2 Shenton Way, #19-00, SGX Centre 1, Singapore 068804 Tel: (65) 6236 8888 Fax: (65) 6535 6994

NEW YORK OFFICE

10 East 40th Street, Suite 4205, New York NY 10016, USA Tel: (212) 481 8080 Fax: (212) 481 7373

www.sgx.com
webmaster@sgx.com

www.cdp.com.sg
cdp@sgx.com