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**Financial Statements for the Full Year Ended 30 June 2004**

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Financial statements on consolidated results for the full year ended 30 June 2004.

The figures have been audited.

Following is the content of the financial statements:

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## 1. CEO's Statement

We are pleased to report very strong results for FY2004. Our securities business clearly benefited from the turn in the market last year and our significantly better revenues are primarily the result of this marked growth in trading activities in FY2004. The surge in securities trading volume to 251.7 billion shares is more than double the previous financial year and we have clearly seen the positive effect on our revenues and net profit, both new record highs for SGX.

Our derivatives market continues to weather the storm of competitive pressures stemming from more prevalent use of electronic trading. We are working very hard to sustain our existing market position. At the same time, we are encouraged by healthy growth in other areas of our business, particularly on the back of our capital raising initiatives for regional issuers.

Despite the intensified market activity and our ongoing plans to further develop our market infrastructure, it is most pleasing to see that we have managed our costs well and are in a position to reward shareholders of SGX.

## 2. Financial Highlights

4Q			Key Results (in S\$ million)	12 Months			Key Variance
FY 2004		FY 2003		FY 2004		FY 2003	
***				***			
↑	37	32	Securities market revenue	↑	184	100	<i>102.8% increase in securities trading value.</i>
↑	14	12	Net derivatives clearing revenue	↑	50	43	<i>Higher turnover in Asian derivatives.</i>
↑	21	20	Stable revenue	↑	83	75	<i>Revised annual listing rates effective March 2003 and stellar growth in the number of new listings.</i>
↑	71	64	Operating revenue	↑	316	219	<i>Significant improvement in clearing fees, account maintenance fees, and listing and membership fees.</i>
↓	32	49	Operating expenses	↓	150	166	<i>Decrease in staff costs, occupancy costs and system maintenance.</i>
↑	44	(23)	EBITDA <sup>(1)</sup>	↑	185	50	
↑	40	15	Operating profit	↑	166	52	
↓	1	6	Non-operating revenue/(loss)	↓	0	25	<i>Liquidation of investment portfolios managed by independent fund managers in July 2003.</i>
↑	40	(29)	Profit/(loss) before tax and minority interests	↑	166	28	
↑	34	(28)	Profit/(loss) attributable to Shareholders <sup>(1)</sup>	↑	133	16	
↓	640	799	Shareholders' equity	↓	640	799	<i>Payout of special dividend for FY2003.</i>

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

(1) Comparative figures for FY2003 and 4Q FY2003 on unaudited proforma basis are provided in Appendix 1, for information only.

## 2. Financial Highlights (continued)

4Q				12 Months		Key Variance	
FY 2004		FY 2003		FY 2004			FY 2003
***				***			
			<b>Segment Revenues (in S\$ million)</b>				
↑	51	44	Securities market segment revenue	↑	240	147	<i>Significant improvement in clearing fees, account maintenance fees, and listing and membership fees.</i>
↑	19	17	Derivatives market segment revenue	↑	71	63	
↓	1	3	Other operations segment revenue	↓	5	8	
			<b>Key ratios</b>				
↑	11.8%	6.3%	Revenue growth <sup>(1)</sup>	↑	44.8%	(4.5%)	<i>Decrease in staff costs, occupancy costs and system maintenance.</i>
↓	44.4%	76.5%	Cost to income ratio <sup>(1)</sup>	↓	47.4%	76.2%	
↑	55.6%	23.5%	Operating profit margin <sup>(1)</sup>	↑	52.6%	23.8%	
↑	47.8%	(40.1%)	Net profit margin <sup>(1)</sup>	↑	42.0%	5.3%	
↑	21.5%	(14.1%)	Return on shareholders' equity (annualised) <sup>(1)</sup>	↑	20.8%	2.0%	
			<b>Key cash flows (in S\$ million)</b>				
↑	56	22	Cash from operating activities (exclude dividend paid)	↑	189	56	<i>Strong earnings for FY2004.</i>
↑	10	4	Payment for capital expenditure	↓	16	18	
			<b>Key per share data (in cents)</b>				
↑	3.34	(2.81)	Basic earnings per ordinary share <sup>(1)</sup>	↑	13.02	1.60	
↑	3.32	(2.79)	Diluted earnings per ordinary share <sup>(1)</sup>	↑	12.94	1.60	
↓	62.22	79.69	Net asset value per ordinary share	↓	62.22	79.69	
			<b>Dividend (in cents)</b>				
	NA	NA	Gross interim dividend per share <sup>(2)</sup>		2.925	3.000	
	NA	NA	Net interim dividend per share		2.340	2.340	
	NA	NA	Gross final dividend per share		4.075	3.500	
	NA	NA	Net final dividend per share		3.260	2.730	
	NA	NA	Gross special dividend per share		6.500	34.000	
	NA	NA	Net special dividend per share		5.200	26.520	

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

(1) Comparative figures for FY2003 and 4Q FY2003 on unaudited proforma basis are provided in Appendix 1, for information only.

(2) The interim dividend for FY2004 has been regrossed at the tax rate of 20%.

### 3. Statement of Profit and Loss - Group

3 months				12 months		
1 Apr 2004 to 30 Jun 2004	1 Apr 2003 to 30 Jun 2003	Change		1 Jul 2003 to 30 Jun 2004	1 Jul 2002 to 30 Jun 2003	Change
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
			<b>Operating revenue</b>			
-	-	-	- Management fees from subsidiaries	-	-	
			<b>Securities market revenue</b>			
26,056	21,904	19.0	- Securities clearing fees	141,423	66,925	
10,645	10,084	5.6	- Account maintenance and processing fees	42,102	33,326	
13,762	11,723	17.4	<b>Net derivatives clearing revenue</b>	49,863	43,034	
			<b>Stable revenue *</b>			
8,646	7,685	12.5	- Access and terminal fees	32,899	31,054	
5,385	5,053	6.6	- Listing and membership fees	21,184	17,071	
3,480	3,218	8.1	- Price information fees	13,642	12,767	
1,451	1,805	(19.6)	- Sale of software and other computer services	7,037	7,224	
1,867	2,294	(18.6)	- Other operating revenue	8,158	7,103	
71,292	63,766	11.8	<b>Total operating revenue</b>	316,308	218,504	
			<b>Operating expenses</b>			
14,051	19,625	(28.4)	- Staff costs	68,884	70,075	
3,073	4,874	(37.0)	- Occupancy costs	14,995	17,390	
4,117	5,164	(20.3)	- System maintenance and rental	18,337	20,995	
4,208	5,308	(20.7)	- Depreciation	18,438	22,192	
1,735	2,203	(21.2)	- Professional charges	7,048	5,320	
646	(524)	NM	- Marketing and travelling	3,588	3,155	
815	819	(0.5)	- Communication charges	2,830	3,412	
575	-	NM	- Fees to MAS for transfer of participant supervision function	2,300	-	
29	178	(83.7)	- Specific allowance for doubtful debts	445	98	
24	36	(33.3)	- Bad debts written off	24	43	
(2,300)	3,000	NM	- Provision for surplus leased premises	(4,400)	3,000	
-	3,750	(100.0)	- Provision for SGX-MAS Market Development Scheme	-	3,750	
-	410	(100.0)	- Impairment (reversal)/charge on plant and equipment	(55)	410	
30	29	3.4	- Net foreign exchange loss/(gain)	324	100	
(14)	(49)	(71.4)	- Gain on disposal of property, plant and equipment	(179)	(234)	
106	-	NM	- Write-off of property, plant and equipment	321	2,405	
3,414	2,554	33.7	- Cost of sales	12,966	9,582	
1,176	1,415	(16.9)	- Other operating expenses	4,022	4,715	
31,685	48,792	(35.1)	<b>Total operating expenses</b>	149,888	166,408	
39,607	14,974	164.5	Profit from operating activities	166,420	52,096	
			<b>Net non-operating revenue/(loss)</b>			
-	5,789	(100.0)	- Investment income/(loss) from externally managed funds	(3,055)	22,258	
(138)	-	NM	- Impairment of club memberships	(138)	-	
646	516	25.2	- Other revenue including interest income	2,859	3,148	
-	(50,000)	(100.0)	Exceptional Item - impairment loss on properties	-	(50,000)	
40,115	(28,721)	NM	Profit/(Loss) before tax and minority interests	166,086	27,502	
(9)	(19)	(52.6)	Share of results of joint venture	(74)	(90)	
(5,767)	(205)	2,713.2	Tax (refer to Note 1)	(33,236)	(14,606)	
34,339	(28,945)	NM	Profit/(Loss) after tax and before minority interests	132,776	12,806	
17	858	(98.0)	Minority interests	188	3,195	
34,356	(28,087)	NM	Profit/(Loss) attributable to shareholders of the company	132,964	16,001	

NM: Not meaningful.

\* Stable revenue is revenue that is considered less volatile.

3a. Notes to the Statement of Profit and Loss - Group

Note 1:

3 months				12 months		
1 Apr 2004 to 30 Jun 2004	1 Apr 2003 to 30 Jun 2003	Change		1 Jul 2003 to 30 Jun 2004	1 Jul 2002 to 30 Jun 2003	Change
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
(1,264)	4,800	NM	(1,264)	4,800	NM	
-	(54)	(100.0)	-	(54)	(100.0)	
(1,264)	4,746	NM	(1,264)	4,746	NM	
-	(245)	(100.0)	-	(245)	(100.0)	
(1,264)	4,501		(1,264)	4,501		

Tax includes:

- (Utilisation)/Recognition of deferred tax asset
- Adjustments for underprovision of deferred tax in respect of prior years
- Adjustments for underprovision of tax in respect of prior years

#### 4. Earnings per share - Group

3 months			12 months	
1 Apr 2004 to 30 Jun 2004	1 Apr 2003 to 30 Jun 2003		1 Jul 2003 to 30 Jun 2004	1 Jul 2002 to 30 Jun 2003
<b>Cents</b>	<b>Cents</b>	<b>Earnings per ordinary share for the period based on net profit attributable to shareholders, before exceptional item</b>	<b>Cents</b>	<b>Cents</b>
3.34	2.19	(a) Based on weighted average number of ordinary shares in issue	13.02	6.60
3.32	2.18	(b) On a fully diluted basis	12.94	6.59
<b>Cents</b>	<b>Cents</b>	<b>Earnings per ordinary share for the period based on net profit attributable to shareholders, after exceptional item</b>	<b>Cents</b>	<b>Cents</b>
3.34	(2.81)	(a) Based on weighted average number of ordinary shares in issue	13.02	1.60
3.32	(2.79)	(b) On a fully diluted basis	12.94	1.60
1,028,516	1,001,043	Weighted average number of ordinary shares in issue for basic earnings per share ('000)	1,020,916	1,000,335
6,576	4,009	Adjustment for assumed conversion of share options ('000)	6,750	1,708
1,035,092	1,005,052	Weighted average number of ordinary shares for diluted earnings per share ('000)	1,027,666	1,002,043

## 5. Statement of Profit and Loss - Company

3 months				12 months		
1 Apr 2004 to 30 Jun 2004	1 Apr 2003 to 30 Jun 2003	Change		1 Jul 2003 to 30 Jun 2004	1 Jul 2002 to 30 Jun 2003	Change
S\$'000	S\$'000	%	S\$'000	S\$'000	%	
			<b>Operating revenue</b>			
11,834	17,040	(30.6)	- Management fees from subsidiaries	70,202	76,275 (8.0)	
			<b>Securities market revenue</b>			
-	-	-	- Securities clearing fees	-	- -	
1,627	1,645	(1.1)	- Account maintenance and processing fees	9,391	4,952 89.6	
-	-	-	<b>Net derivatives clearing revenue</b>	-	- -	
			<b>Stable revenue *</b>			
-	-	-	- Access and terminal fees	-	- -	
-	-	-	- Listing and membership fees	-	- -	
-	-	-	- Price information fees	-	- -	
481	513	(6.2)	- Sale of software and other computer services	2,215	1,936 14.4	
607	441	37.6	- Other operating revenue	1,932	1,650 17.1	
14,549	19,639	(25.9)	<b>Total operating revenue</b>	83,740	84,813 (1.3)	
			<b>Operating expenses</b>			
8,592	11,614	(26.0)	- Staff costs	43,734	42,331 3.3	
1,681	2,333	(27.9)	- Occupancy costs	10,847	10,144 6.9	
532	2,135	(75.1)	- System maintenance and rental	5,478	8,761 (37.5)	
2,512	2,738	(8.3)	- Depreciation	10,445	10,320 1.2	
705	1,361	(48.2)	- Professional charges	4,070	2,964 37.3	
(677)	(1,034)	(34.5)	- Marketing and travelling	1,342	821 63.5	
451	490	(8.0)	- Communication charges	1,685	2,078 (18.9)	
575	-	NM	- Fees to MAS for transfer of participant supervision function	2,300	- NM	
-	-	-	- Specific allowance for doubtful debts	-	- -	
-	-	-	- Bad debts written off	-	- -	
(1,759)	2,976	NM	- Provision for surplus leased premises	(3,476)	2,976 NM	
-	-	-	- Provision for SGX-MAS Market Development Scheme	-	- -	
-	-	-	- Impairment (reversal)/charge on plant and equipment	-	- -	
-	-	-	- Net foreign exchange loss/(gain)	6	(1) NM	
(1)	(3)	(66.7)	- Gain on disposal of property, plant and equipment	(5)	(117) (95.7)	
29	-	NM	- Write-off of property, plant and equipment	29	28 3.6	
445	99	349.5	- Cost of sales	1,575	1,365 15.4	
816	1,486	(45.1)	- Other operating expenses	3,119	6,017 (48.2)	
13,901	24,195	(42.5)	<b>Total operating expenses</b>	81,149	87,687 (7.5)	
648	(4,556)	NM	Profit/(loss) from operating activities	2,591	(2,874) NM	
			<b>Net non-operating revenue/(loss)</b>			
-	5,789	(100.0)	- Investment income/(loss) from externally managed funds	(3,055)	22,258 NM	
(138)	-	NM	- Impairment of club memberships	(138)	- NM	
448	17	2,535.3	- Other revenue including interest income	1,684	106 1,488.7	
-	(5,000)	(100.0)	Exceptional item - impairment loss on properties	-	(5,000) (100.0)	
958	(3,750)	NM	Profit/(Loss) before tax and minority interests	1,082	14,490 (92.5)	
-	-	-	Share of results of joint venture	-	- -	
33	278	(88.1)	Tax	(230)	(4,725) (95.1)	
991	(3,472)	NM	Profit/(Loss) after tax and before minority interests	852	9,765 (91.3)	
-	-	-	Minority interests	-	- -	
991	(3,472)	NM	Profit/(Loss) attributable to shareholders of the company	852	9,765 (91.3)	

NM: Not meaningful.

\* Stable revenue is revenue that is considered less volatile.

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

Group			Period	Company		
FY2004	FY2003	Change		FY2004	FY2003	Change
S\$'000	S\$'000	%		S\$'000	S\$'000	%
			<b>First Half Year</b>			
			<b>Operating revenue reported for the first half year</b>			
-	-	-	- Management fees from subsidiaries	42,248	40,711	3.8
			<b>Securities market revenue</b>			
76,742	32,500	136.1	- Securities clearing fees	-	-	-
21,732	16,893	28.6	- Account maintenance and processing fees	5,257	2,406	118.5
24,368	20,965	16.2	<b>Net derivatives clearing revenue</b>	-	-	-
			<b>Stable revenue *</b>			
15,871	15,664	1.3	- Access and terminal fees	-	-	-
10,442	7,940	31.5	- Listing and membership fees	-	-	-
6,732	6,264	7.5	- Price information fees	-	-	-
3,885	3,892	(0.2)	- Sale of software and other computer services	1,198	903	32.7
3,713	3,370	10.2	- Other operating revenue	775	862	(10.1)
163,485	107,488	52.1	<b>Total operating revenue</b>	49,478	44,882	10.2
61,274	29,995	104.3	<b>Profit/(loss) reported for the first half year</b>	(2,183)	8,625	NM
			<b>Second Half Year</b>			
			<b>Operating revenue reported for the second half year</b>			
-	-	-	- Management fees from subsidiaries	27,954	35,564	(21.4)
			<b>Securities market revenue</b>			
64,681	34,425	87.9	- Securities clearing fees	-	-	-
20,370	16,433	24.0	- Account maintenance and processing fees	4,134	2,546	62.4
25,495	22,069	15.5	<b>Net derivatives clearing revenue</b>	-	-	-
			<b>Stable revenue *</b>			
17,028	15,390	10.6	- Access and terminal fees	-	-	-
10,742	9,131	17.6	- Listing and membership fees	-	-	-
6,910	6,503	6.3	- Price information fees	-	-	-
3,152	3,332	(5.4)	- Sale of software and other computer services	1,017	1,033	(1.5)
4,445	3,733	19.1	- Other operating revenue	1,157	788	46.8
152,823	111,016	37.7	<b>Total operating revenue</b>	34,262	39,931	(14.2)
71,502	(17,189)	NM	<b>Profit/(loss) reported for the second half year</b>	3,035	1,140	166.2

NM: Not meaningful.

\* Stable revenue is revenue that is considered less volatile.



## 7. Balance Sheets - Group and Company

Group			Company	
As at 30 Jun 2004	As at 30 Jun 2003		As at 30 Jun 2004	As at 30 Jun 2003
S\$'000	S\$'000		S\$'000	S\$'000
		<b>Current assets</b>		
452,251	221,478	Cash and cash equivalents	171,767	16,838
281,356	338,332	Trade and other debtors	4,504	5,624
35,734	34,602	Securities clearing funds	-	-
7,498	356,524	Available-for-sale investments	-	340,463
-	694	Tax recoverable	-	476
776,839	951,630		176,271	363,401
		<b>Non-current assets</b>		
222,917	225,513	Property, plant and equipment	38,318	45,923
582	720	Club memberships	582	720
-	-	Investments in subsidiaries	392,340	392,340
204	278	Investment in joint venture	-	-
3,536	4,800	Deferred tax assets	-	-
227,239	231,311		431,240	438,983
		<b>Total assets</b>	<b>607,511</b>	<b>802,384</b>
1,004,078	1,182,941			
		<b>Current liabilities</b>		
299,649	334,834	Trade and other creditors	148,821	52,017
10,734	9,602	Securities clearing members' contributions to clearing funds	-	-
5,119	6,220	Provision for surplus leased premises and unutilised leave	3,655	4,605
43,747	16,375	Taxation	10,923	-
359,249	367,031		163,399	56,622
		<b>Non-current liabilities</b>		
2,581	5,675	Provision for surplus leased premises	2,033	4,434
1,230	10,153	Deferred tax liabilities	507	9,129
3,811	15,828		2,540	13,563
		<b>Total liabilities</b>	<b>165,939</b>	<b>70,185</b>
363,060	382,859			
641,018	800,082	<b>Net assets</b>	<b>441,572</b>	<b>732,199</b>
		<b>Equity</b>		
10,294	10,030	Share capital	10,294	10,030
340,844	308,858	Share premium	340,844	308,858
176,609	161,082	Retained profits	3,345	119,930
25,000	25,000	Clearing fund reserve	-	-
612	965	Hedging reserve	-	-
-	8	Translation reserve	-	-
87,089	293,381	Proposed dividends	87,089	293,381
640,448	799,324	Shareholders' equity	441,572	732,199
		<b>Minority interests</b>		
570	758		-	-
641,018	800,082		441,572	732,199

## 8. Net Asset Value - Group and Company

Group			Company	
As at 30 Jun 2004	As at 30 Jun 2003		As at 30 Jun 2004	As at 30 Jun 2003
Cents	Cents		Cents	Cents
62.22	79.69	Net asset value per ordinary share based on issued share capital as at the end of the reporting period	42.90	73.00

## 9. Borrowings and debt securities - Group

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

As at 30 Jun 2004			As at 30 Jun 2003	
Secured	Unsecured		Secured	Unsecured
S\$'000	S\$'000		S\$'000	S\$'000
Nil	Nil	Amount repayable in one year or less, or on demand	Nil	Nil
Nil	Nil	Amount repayable after one year	Nil	Nil

### (b) Details of any collaterals

None.

## 10. Statement of Cash Flow - Group

3 Months Ended			12 Months Ended	
30 Jun 2004	30 Jun 2003		30 Jun 2004	30 Jun 2003
S\$'000	S\$'000		S\$'000	S\$'000
		<b>Cash flows from operating activities</b>		
40,115	(28,721)	Profit/(loss) before tax and share of results of joint venture	166,086	27,502
		Adjustments for:		
4,208	5,308	Depreciation	18,438	22,192
106	-	Write-off of property, plant and equipment	321	2,405
129	(5,135)	Net loss/(gain) on investments	3,643	(22,336)
138	-	Impairment of club memberships	138	-
(14)	(49)	Gain on disposal of property, plant and equipment	(179)	(234)
(2,300)	3,000	Provision for surplus leased premises	(4,400)	3,000
-	50,000	Exceptional item - impairment loss on properties	-	50,000
-	410	Impairment (reversal)/charge on plant and equipment	(55)	410
(773)	(655)	Interest income	(3,421)	(3,067)
41,609	24,158	Operating cash flow before working capital change	180,571	79,872
		Change in operating assets and liabilities		
67,312	(96,340)	Trade and other receivables	56,611	(22,505)
(50,286)	95,974	Trade and other payables	(34,931)	18,610
58,635	23,792	Cash generated from operations	202,251	75,977
(2,187)	(1,925)	Income tax paid	(12,878)	(19,772)
-	-	Dividends paid	(323,729)	(57,705)
56,448	21,867	<b>Net cash from/(used in) operating activities</b>	<b>(134,356)</b>	<b>(1,500)</b>
		<b>Cash flows from investing activities</b>		
-	-	Payments for retention sum of properties	-	(21,175)
(9,768)	(3,536)	Payments for property, plant and equipment	(16,214)	(18,464)
74	33	Proceeds from disposal of property, plant and equipment	285	237
-	-	Payment for club memberships	-	(20)
956	860	Interest received	3,433	3,049
4,000	-	Receipt from sale/redemption of investments	345,383	-
-	124	Receipt from FSDF for property, plant and equipment purchased	-	285
(4,738)	(2,519)	<b>Net cash (used in)/from investing activities</b>	<b>332,887</b>	<b>(36,088)</b>
		<b>Cash flows from financing activities</b>		
1,626	2,565	Net proceeds from issue of ordinary shares	32,250	3,351
-	2,675	Contributions from minority interests	-	2,675
1,626	5,240	<b>Net cash from financing activities</b>	<b>32,250</b>	<b>6,026</b>
53,336	24,588	<b>Net increase/(decrease) in cash and cash equivalents held</b>	<b>230,781</b>	<b>(31,562)</b>
398,915	196,898	Cash and cash equivalents at the beginning of the period	221,478	253,048
-	(8)	Effects of exchange rate changes on cash and cash equivalents	(8)	(8)
452,251	221,478	<b>Cash and cash equivalents at the end of the period</b>	<b>452,251</b>	<b>221,478</b>

11 (a) Statement of Changes in Equity

	Share capital	Share premium *	Retained profits	Clearing fund reserve *	Hedging reserve *	Translation reserve *	Proposed dividends	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>(a) Consolidated - 12 Months FY2004</b>								
<b>Balance at 1 July 2003</b>	10,030	308,858	161,082	25,000	965	8	293,381	799,324
Gain on hedging								
- unrealised	-	-	-	-	138	-	-	138
- transfer to income statement	-	-	491	-	(491)	-	-	-
Currency translation differences transferred to income statement	-	-	8	-	-	(8)	-	-
Net profit before realisation of hedging and currency translation reserve	-	-	132,465	-	-	-	-	132,465
Total recognised gains for the financial period	-	-	132,964	-	(353)	(8)	-	132,603
Dividends paid								
Final and special dividends - FY2003	-	-	-	-	-	-	(299,689)	(299,689)
Interim dividends - FY2004	-	-	(24,040)	-	-	-	-	(24,040)
Under-provision of final and special dividends - FY2003	-	-	(6,308)	-	-	-	6,308	-
Proposed dividends								
Final dividends - FY2004	-	-	(33,559)	-	-	-	33,559	-
Special dividends - FY2004	-	-	(53,530)	-	-	-	53,530	-
Issue of ordinary shares	264	31,986	-	-	-	-	-	32,250
<b>Balance at 30 June 2004</b>	<b>10,294</b>	<b>340,844</b>	<b>176,609</b>	<b>25,000</b>	<b>612</b>	<b>-</b>	<b>87,089</b>	<b>640,448</b>
<b>(b) Consolidated - 12 Months FY2003</b>								
<b>Balance at 1 July 2002</b>	10,000	305,537	461,878	25,000	(147)	16	34,289	836,573
Gain on hedging								
- unrealised	-	-	-	-	1,323	-	-	1,323
- transfer to income statement	-	-	211	-	(211)	-	-	-
Net profit before realisation of hedging reserve	-	-	15,790	-	-	-	-	15,790
Net profit for the financial period	-	-	16,001	-	1,112	-	-	17,113
Currency translation differences recognised directly in shareholders' equity	-	-	-	-	-	(8)	-	(8)
Total recognised gains for the financial period	-	-	16,001	-	1,112	(8)	-	17,105
Dividends paid								
Final dividends - FY2002	-	-	-	-	-	-	(34,289)	(34,289)
Interim dividends - FY2003	-	-	(23,416)	-	-	-	-	(23,416)
Proposed dividends								
Final dividends - FY2003	-	-	(27,382)	-	-	-	27,382	-
Special dividends - FY2003	-	-	(265,999)	-	-	-	265,999	-
Issue of ordinary shares	30	3,321	-	-	-	-	-	3,351
<b>Balance at 30 June 2003</b>	<b>10,030</b>	<b>308,858</b>	<b>161,082</b>	<b>25,000</b>	<b>965</b>	<b>8</b>	<b>293,381</b>	<b>799,324</b>
<b>(c) Company - 12 Months FY2004</b>								
<b>Balance at 1 July 2003</b>	10,030	308,858	119,930	-	-	-	293,381	732,199
Net profit - total recognised gains for the financial period	-	-	852	-	-	-	-	852
Dividends paid								
Final and special dividends - FY2003	-	-	-	-	-	-	(299,689)	(299,689)
Interim dividends - FY2004	-	-	(24,040)	-	-	-	-	(24,040)
Under-provision of final and special dividends - FY2003	-	-	(6,308)	-	-	-	6,308	-
Proposed dividends								
Final dividends - FY2004	-	-	(33,559)	-	-	-	33,559	-
Special dividends - FY2004	-	-	(53,530)	-	-	-	53,530	-
Issue of ordinary shares	264	31,986	-	-	-	-	-	32,250
<b>Balance at 30 June 2004</b>	<b>10,294</b>	<b>340,844</b>	<b>3,345</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>87,089</b>	<b>441,572</b>
<b>(d) Company - 12 Months FY2003</b>								
<b>Balance at 1 July 2002</b>	10,000	305,537	426,962	-	-	-	34,289	776,788
Net profit - total recognised gains for the financial period	-	-	9,765	-	-	-	-	9,765
Dividends paid								
Final dividends - FY2002	-	-	-	-	-	-	(34,289)	(34,289)
Interim dividends - FY2003	-	-	(23,416)	-	-	-	-	(23,416)
Proposed dividends								
Final dividends - FY2003	-	-	(27,382)	-	-	-	27,382	-
Special dividends - FY2003	-	-	(265,999)	-	-	-	265,999	-
Issue of ordinary shares	30	3,321	-	-	-	-	-	3,351
<b>Balance at 30 June 2003</b>	<b>10,030</b>	<b>308,858</b>	<b>119,930</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>293,381</b>	<b>732,199</b>

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

**11 (b) Statement of Changes in Equity**

	Share capital	Share premium *	Retained profits	Clearing fund reserve *	Hedging reserve *	Translation Reserve *	Proposed dividends	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>(e) Consolidated - 3 Months FY2004</b>								
<b>Balance at 1 April 2004</b>	10,277	339,235	229,342	25,000	677	-	-	604,531
Loss on hedging								
- unrealised	-	-	-	-	(32)	-	-	(32)
- transfer to income statement	-	-	33	-	(33)	-	-	-
Currency translation differences transferred to income statement	-	-	-	-	-	-	-	-
Net profit before realisation of hedging and currency translation reserve	-	-	34,323	-	-	-	-	34,323
Total recognised gains for the financial period	-	-	34,356	-	(65)	-	-	34,291
Proposed dividends								
Final dividends - FY2004	-	-	(33,559)	-	-	-	33,559	-
Special dividends - FY2004	-	-	(53,530)	-	-	-	53,530	-
Issue of ordinary shares	17	1,609	-	-	-	-	-	1,626
<b>Balance at 30 June 2004</b>	<b>10,294</b>	<b>340,844</b>	<b>176,609</b>	<b>25,000</b>	<b>612</b>	<b>-</b>	<b>87,089</b>	<b>640,448</b>
<b>(f) Consolidated - 3 Months FY2003</b>								
<b>Balance at 1 April 2003</b>	10,007	306,316	482,550	25,000	586	17	-	824,476
Gain on hedging								
- unrealised	-	-	-	-	411	-	-	411
- transfer to income statement	-	-	32	-	(32)	-	-	-
Net loss before realisation of hedging reserve	-	-	(28,119)	-	-	-	-	(28,119)
Net loss for the financial period	-	-	(28,087)	-	379	-	-	(27,708)
Currency translation differences recognised directly in shareholders' equity	-	-	-	-	-	(9)	-	(9)
Total recognised losses for the financial period	-	-	(28,087)	-	379	(9)	-	(27,717)
Proposed dividends								
Final dividends - FY2003	-	-	(27,382)	-	-	-	27,382	-
Special dividends - FY2003	-	-	(265,999)	-	-	-	265,999	-
Issue of ordinary shares	23	2,542	-	-	-	-	-	2,565
<b>Balance at 30 June 2003</b>	<b>10,030</b>	<b>308,858</b>	<b>161,082</b>	<b>25,000</b>	<b>965</b>	<b>8</b>	<b>293,381</b>	<b>799,324</b>
<b>(g) Company - 3 Months FY2004</b>								
<b>Balance at 1 April 2004</b>	10,277	339,235	89,443	-	-	-	-	438,955
Net profit - total recognised gains for the financial period	-	-	991	-	-	-	-	991
Proposed dividends								
Final dividends - FY2004	-	-	(33,559)	-	-	-	33,559	-
Special dividends - FY2004	-	-	(53,530)	-	-	-	53,530	-
Issue of ordinary shares	17	1,609	-	-	-	-	-	1,626
<b>Balance at 30 June 2004</b>	<b>10,294</b>	<b>340,844</b>	<b>3,345</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>87,089</b>	<b>441,572</b>
<b>(h) Company - 3 Months FY2003</b>								
<b>Balance at 1 April 2003</b>	10,007	306,316	416,783	-	-	-	-	733,106
Net loss - total recognised losses for the financial period	-	-	(3,472)	-	-	-	-	(3,472)
Proposed dividends								
Final dividends - FY2003	-	-	(27,382)	-	-	-	27,382	-
Special dividends - FY2003	-	-	(265,999)	-	-	-	265,999	-
Issue of ordinary shares	23	2,542	-	-	-	-	-	2,565
<b>Balance at 30 June 2003</b>	<b>10,030</b>	<b>308,858</b>	<b>119,930</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>293,381</b>	<b>732,199</b>

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

## 12(a) Review of the Performance of the SGX Group and its Subsidiaries

### *FY2004 Highlights*

SGX Group's business is mainly operating a Securities Market and Derivatives Market.

The Group recorded \$133.0 million net profit after tax and minority interests for the current financial year ended 30 June 2004, compared to \$16.0 million for the previous financial year ended 30 June 2003. Total operating revenue rose 44.8% compared to the previous financial year while total operating expenses dropped by 9.9%. Operating profit for the current financial year amounted to \$166.4 million, compared to \$52.1 million for the previous financial year.

The improvement in business performance, coupled with the reduced shareholders' equity upon the \$272 million net special dividend for the previous financial year returned to our shareholders, improved the return on equity to 20.8%, from 2.0% for the previous financial year.

The Group's revenue comprises 3 components, which were segmented as follows:

Revenue Component	Amount (\$MM)		%	
	FY2004	FY2003	FY2004	FY2003
Securities market revenue	183.5	100.3	58.0	45.9
Net derivatives clearing revenue	49.9	43.0	15.8	19.7
Stable revenue	82.9	75.2	26.2	34.4
<b>Total</b>	<b>316.3</b>	<b>218.5</b>	<b>100.0</b>	<b>100.0</b>

Following are the key market turnover and clearing fee figures. These illustrated the significant growth in securities market activity, while the derivatives market experienced a challenging operating environment, in which we managed to maintain a stable level of activity and creditable improvement in clearing fees:

Market	Turnover/Clearing fees	FY2004	FY2003	Change
Securities	Trading value	\$208.0 billion	\$102.6 billion	102.8%
	Trading volume (in shares)	251.7 billion	113.5 billion	121.7%
	Clearing fees	\$141.4 million	\$66.9 million	111.3%
Derivatives	Trading volume (in contracts)	34.96 million	34.91 million	0.12%
	Clearing fees	\$49.9 million	\$43.0 million	15.9%

FY2004 saw 70 new IPO listings versus 45 in FY2003. Securities Market members decreased to 23 as at 30 June 2004 from 24 as at 30 June 2003, after the resignation of 2 clearing members and admission of 1 new clearing member. Between the two financial year end dates, STI Index climbed to 1838 points from 1447 points, a gain of 27%.

As at 30 June 2004, the derivatives market had 577 local and 48 corporate members, compared to 551 and 47 respectively, as at 30 June 2003.

Cost-wise, the Group was successful in containing operating expenses which fell nearly 10% year on year. IT related cost was reduced to 31% of the Group's cost base, compared to 34% from the previous financial year.

### ***Competitive challenges in derivatives market***

The pick up in trading activity for our Asian derivatives helped mitigate the impact of the decline in Eurodollar trading volume on our derivatives revenue. The growth of electronic markets, particularly CME's Globex and Euronext.Liffe, contributed to this downward trend of our Eurodollar trading volume, and is likely to continue. To promote our contracts to customers, we have introduced clearing fee incentives and enhanced the efficiency of pit trading. We have also conducted an intensive international marketing campaign.

### ***System Investments***

During the year, we have embarked on the following system initiatives as part of our ongoing infrastructure development and to prepare for more opportunities in the global market.

- i) SGX QUEST - An integrated trading engine that will boost front-end connectivity for both securities and derivatives trading and lead to growth in market turnover.
  - The derivatives and securities trading engines are expected to go live in the third quarter of 2004 and mid-2005, respectively.
- ii) SGXTrade - An order management solution to help facilitate the industry adoption of SGXAccess, our open market platform for trading.
  - The system is expected to be operational by the fourth quarter of 2004.
- iii) SGXNet - A system that facilitates issuers' filing of corporate announcements through high speed internet. This should enable issuers to make more timely disclosure and reach a broader audience.
  - The system is expected to be in operation by the end of 2004.
- iv) BCP - A business continuity plan that, on ongoing basis, allows us to continue to operate normal business functions in an Emergency Operation Centre in the event of a disaster or disruption.

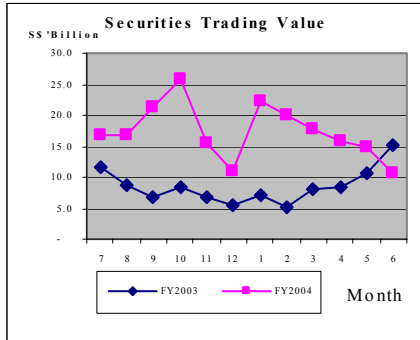
### ***SGX-MAS Research Incentive Scheme***

Since the Scheme was launched in December 2003, the market response has been encouraging. Up to 30 June 2004, a total of 122 listed companies have signed up for the Scheme and 9 research firms have been participating, with almost 17,000 subscribers, mainly retail investors, registered to access reports generated under this Scheme.

**12(a)(i) Financial Summary - 12 months ended 30 June 2004**

**Securities Market Revenue**

**Securities Trading Value**

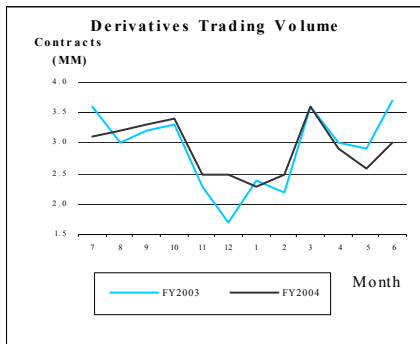


- Securities trading value improved by 102.8% to \$208.0 billion in the current financial year from \$102.6 billion in the previous financial year. The corresponding securities trading volume rose 121.7% to 251.7 billion from 113.5 billion. As a result, securities clearing fees increased 111.3% to \$141.4 million from \$66.9 million, between the two financial years.

**Account Maintenance and Processing Fee**

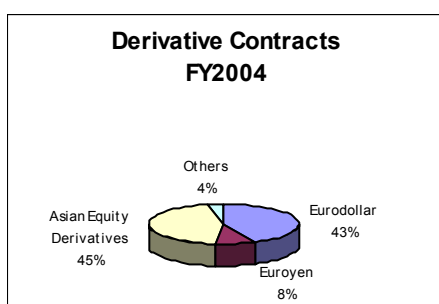
- The 26.3% improvement over FY2003 arose from higher contract charges and securities processing income on higher securities market turnover.

**Net Derivatives Clearing Revenue**

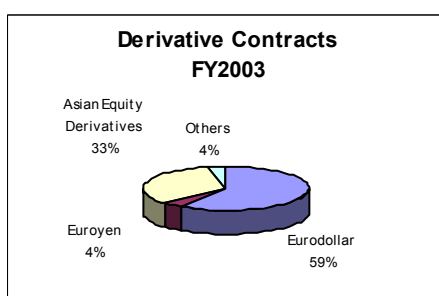


- Derivatives trading volume edged up marginally by 0.12% to 34.96 million contracts in the current financial year from 34.91 million contracts in the previous financial year.
- The drop in Eurodollar volume was offset by the improvement in Asian derivatives trading activity, as follows:

Derivative Contracts	12 Months FY2004 (MM Contracts)	12 Months FY2003 (MM Contracts)	Change
<b>Eurodollar</b>	<b>15.24</b>	<b>20.67</b>	<b>(26.3%)</b>
<b>Euroyen</b>	<b>2.69</b>	<b>1.34</b>	<b>100.6%</b>
<b>Asian Equity Derivatives</b>	<b>15.77</b>	<b>11.63</b>	<b>35.6%</b>
- Nikkei 225 Stock Index	7.93	5.77	37.5%
- MSCI Taiwan Index Futures	6.49	4.98	30.2%
- MSCI Singapore Index Futures	1.35	0.88	53.5%
<b>Others</b>	<b>1.26</b>	<b>1.27</b>	<b>(0.78%)</b>
<b>Total</b>	<b>34.96</b>	<b>34.91</b>	<b>0.12%</b>



- We have benefited from the recovery of Asian equity markets. The trading volume of Asian equity derivatives, which have higher profit margins, registered significant growth between the two financial years.
- These contracts contributed 45% of total volume in FY2004, up from 33% in FY2003. They also helped improve the net clearing fees per contract to \$1.37 from \$1.19 between the two financial years.



#### *Nikkei 225 Stock Index Performance*

- The widely anticipated recovery in the Japanese economy and the implementation of our Nikkei 225 Futures on the Mutual Offset System with the Chicago Mercantile Exchange (CME), have created a significant increase in after-hour trading of the contract on our electronic platform. It has boosted our Nikkei 225 Stock Index trading with an improvement of 37.5% to 7.93 million contracts from 5.77 million contracts between the two financial years.



## Stable Revenue

### Access and Terminal Fees

- SGXAccess income rose by \$3.5 million, or 100.3% over FY2003, due to improved market conditions and customers' migration to this new open market platform. In turn, this resulted in a \$2.0 million or 7.7% drop in SESOPS terminal fees.

### Listing and Membership Fees

- The 24.1% improvement was due to the revised annual listing rates effective March 2003 and the stellar growth in the number of new listings to 70 in FY2004 from 45 in FY2003, which included 23 and 4 China companies, respectively. \$1.75 billion was raised through the new IPOs in FY2004.

The first overseas Real Estate Investment Trusts (REITs), Fortune REIT, was listed in FY2004.

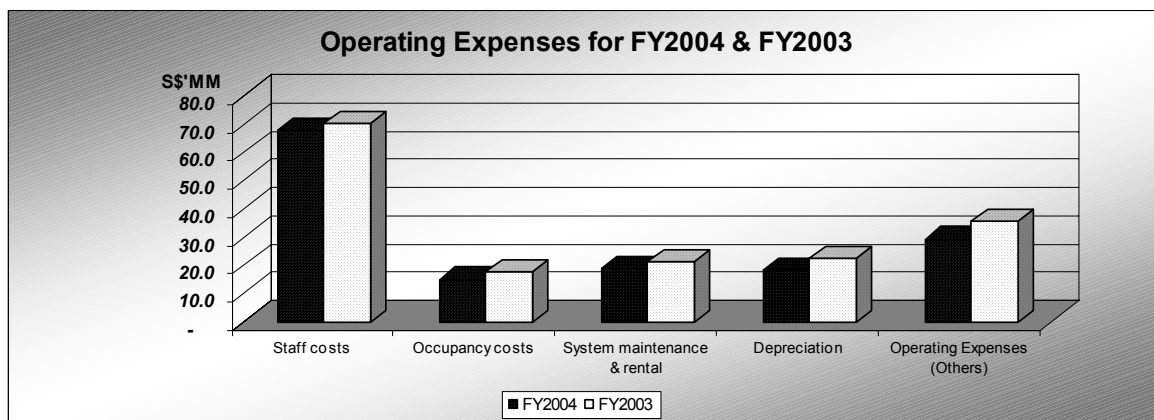
### Price Information Fees

- The 6.9% growth was driven primarily by SecuritiesBook income.

### Other Operating Revenue

- The 14.9% increase was mainly due to higher buying-in brokerage income.

## Operating Costs



### Staff Costs

- The 1.7% reduction in staff cost was attributable to savings on reduced headcount to 650 as at 30 June 2004, from 809 (including 68 from Asia Converge), offset by increase in variable bonus on improved business performance.

Excluding Asia Converge, and the portion related to variable bonus, our staff cost had dropped by 27.4% between the two financial years.

We are continuing our process of changing our wage structure, making it more flexible, so as to effectively manage our base staff costs and better position ourselves for adversity in the market.

<i>Occupancy Costs</i>	<ul style="list-style-type: none"> <li>• The 13.8% drop was mainly attributable to rental rate reduction upon lease re-negotiation and expiration of some units in OUB Centre and Equity Plaza.</li> </ul>
<i>System Maintenance and Rental</i>	<ul style="list-style-type: none"> <li>• The 12.7% improvement was largely due to a reduction in computer equipment maintenance cost upon cessation of Asia Converge's operations in September 2003, and re-negotiation of various system maintenance contracts.</li> </ul> <p>We anticipate this cost to increase as we are building up our technology-related investments in the near future.</p>
<i>Depreciation</i>	<ul style="list-style-type: none"> <li>• The 16.9% drop was mainly due to fully depreciated assets. However, we expect this cost to rise in future, as more will be invested in infrastructure upgrades to build future capabilities.</li> </ul>
<i>Professional Charges</i>	<ul style="list-style-type: none"> <li>• The 32.5% increase mainly related to human resources and project consultancy fees.</li> </ul>
<i>Marketing and Travelling</i>	<ul style="list-style-type: none"> <li>• The 13.7% increase was mainly due to the SGX Investment Fair in the current financial year which was not held in previous financial year.</li> </ul>
<i>Communication Charges</i>	<ul style="list-style-type: none"> <li>• The 17.1% drop reflected our effort in containing various communication costs and postage charges.</li> </ul>
<i>Fees to MAS for transfer of participant supervision function</i>	<ul style="list-style-type: none"> <li>• The \$2.3 million represents the annual fee, for 5 years from FY2004 onwards, to MAS for the transfer of the participant supervision function.</li> </ul>
<i>Provision for Surplus Leased Premises</i>	<ul style="list-style-type: none"> <li>• \$4.4 million of the provision for surplus leased premises at Equity Plaza was utilized in the current financial year. The remaining provision of \$5.6 million will be completely utilized by the end of FY2006, upon expiry of the lease.</li> </ul> <p>We have sub-let 98% of surplus lease space in Equity Plaza as at 30 June 2004, compared to 38% at 30 June 2003.</p>
<i>Write-off of property, plant and equipment</i>	<ul style="list-style-type: none"> <li>• The 86.7% drop mainly related to the software write-off for Asia Converge in FY2003.</li> </ul>
<i>Cost of Sales</i>	<ul style="list-style-type: none"> <li>• The 35.3% rise represented higher securities contract processing on increased securities market turnover, and the rise in royalty fees on increased Asian equity derivatives activity.</li> </ul>
<i>Other Operating Expenses</i>	<ul style="list-style-type: none"> <li>• The 14.7% decrease was mainly due to provision for cessation costs for the subsidiaries in FY2003.</li> </ul>

**Investment Performance**

*Investment Income & Strategy*

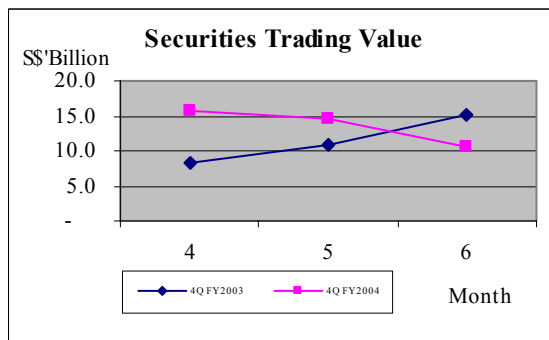
- The investment portfolios managed by independent fund managers were liquidated in July 2003. A capital loss of \$3.1 million on the position closed out was recognized in FY2004.

In an effort to manage our capital more efficiently, we are in the process of placing out approximately \$150 million with a broad group of fund managers employing market neutral strategies.

**12(a)(ii) Financial Summary - 3 months ended 30 June 2004**

**Securities Market Revenue**

*Securities Trading Value*

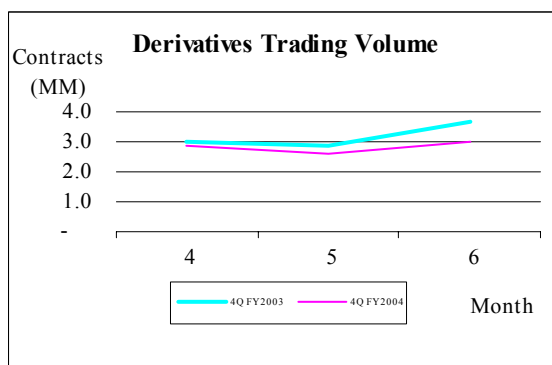


- Securities trading value improved by 18.9% to \$41.0 billion in the current quarter from \$34.5 billion in the previous corresponding quarter. Securities clearing fees increased 19.0% to \$26.1 million from \$21.9 million between the two periods. The corresponding securities trading volume dropped 18.3% to 39.3 billion from 48.1 billion, reflecting a shift in activity to higher value denominated securities.

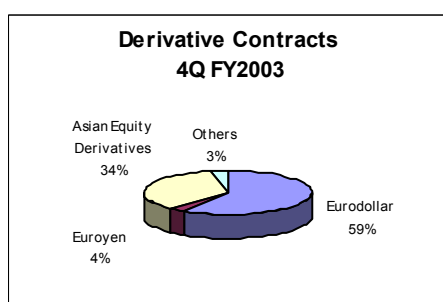
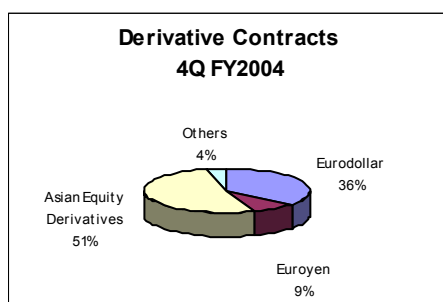
*Account Maintenance and Processing Fee*

- The 5.6% improvement over 4Q FY2003 reflected the higher securities processing income on better securities market turnover.

**Net Derivatives Clearing Revenue**



- Derivatives trading volume decreased by 11.2% to 8.49 million contracts in 4Q FY2004 from 9.55 million contracts in 4Q FY2003, mainly due to the decline in Eurodollar trading volume, partially offset by the improvement in Asian derivatives trading activity.



Derivative Contracts	4Q FY2004 (MM Contracts)	4Q FY2003 (MM Contracts)	Change
<b>Eurodollar</b>	<b>3.05</b>	<b>5.61</b>	<b>(45.7%)</b>
<b>Euroyen</b>	<b>0.75</b>	<b>0.34</b>	<b>121.8%</b>
<b>Asian Equity Derivatives</b>	<b>4.31</b>	<b>3.28</b>	<b>31.6%</b>
- Nikkei 225 Stock Index	2.07	1.68	23.3%
- MSCI Taiwan Index Futures	1.82	1.36	34.1%
- MSCI Singapore Index Futures	0.42	0.24	75.3%
<b>Others</b>	<b>0.38</b>	<b>0.32</b>	<b>14.9%</b>
<b>Total</b>	<b>8.49</b>	<b>9.55</b>	<b>(11.2%)</b>

- In 4Q FY2004, Asian equity derivatives, which have higher profit margins, contributed 51% of total volume traded, compared to 34% in 4Q FY2003.

## ***Stable Revenue***

### *Access and Terminal Fee Income*

- SGXAccess income rose by \$1.2 million, or 107.3% over 4Q FY2003, due to improved market conditions and customers' migration to this new open market platform.

### *Listing and Membership Fees*

- The 6.6% increase was mainly attributable to the modest growth in the number of new listings to 15 from 14 (including 6 and 4 China companies, respectively) between the two corresponding quarters.

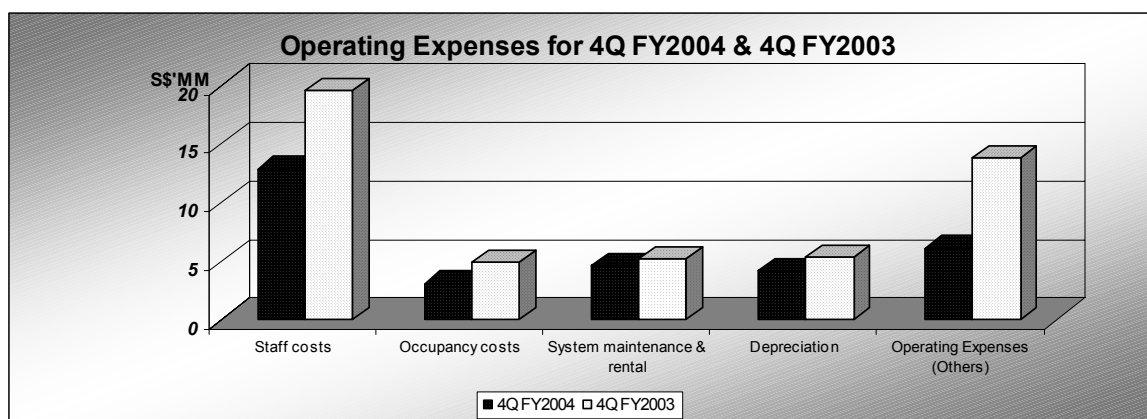
### *Price Information Fees*

- The 8.1% growth was driven primarily by SecuritiesBook income.

### *Sale of Software and Other Computer Services*

- The 19.6% drop reflected revenue from a customer's system integration project in the previous corresponding quarter, which was not repeated in the current quarter.

## Operating Costs



### *Staff Costs*

- The drop essentially reflected the reduction in headcount.

### *Occupancy Costs*

- The 37.0% drop was mainly attributable to rental rate reduction upon lease re-negotiation and expiration of some units in OUB Centre and Equity Plaza.

### *System Maintenance and Rental*

- The 20.3% improvement was largely due to a reduction in computer equipment maintenance cost upon cessation of Asia Converge's operations in September 2003, and re-negotiation of various system maintenance contracts.

### *Depreciation*

- The 20.7% drop was mainly due to fully depreciated assets.

### *Fees to MAS for transfer of participant supervision function*

- The \$0.6 million represented the quarterly recognition of annual fee, for 5 years from FY2004 onwards, to MAS for the transfer of participant supervision function.

### *Provision for Surplus Leased Premises*

- \$2.3 million represented the catch-up amount in 4Q FY2004 to attain a full year utilization of \$4.4 million in FY2004.

### *Cost of Sales*

- The 33.7% rise represented higher securities contract processing on increased securities market turnover and the rise in royalty fees on increased Asian equity derivatives activity.

## 12(a)(iii) *Bank Facilities & Contingent Liabilities*

### *Bank Facilities*

- The Group has \$300.0 million of bank credit facilities in place, comprising \$150.0 million in committed share financing and \$150.0 million in committed unsecured credit lines, for prudent risk management to cater to emergency funding needs.

### *Contingent Liabilities*

- As at 30 June 2004, the Group had contingent liabilities to banks for US\$65.0 million of unsecured standby letters of credit issued to CME as margin for derivatives trading.

### *Standby Credit to Group Companies*

- The Group has provided a standby credit of \$75.0 million to the CDP Clearing Fund in accordance with the CDP Clearing Rules, and has extended \$68.0 million of financial guarantee to its subsidiary, Singapore Exchange Derivatives Clearing Limited (“SGX-DC”), to meet liabilities, if any, arising from default of derivatives clearing members.

## 13 Current Year Prospects And Initiatives

### **Securities Market**

While we are encouraged by the steady flow of positive economic data, market activity has slowed in the final quarter of FY2004. Trading conditions could be volatile and volumes are difficult to forecast.

We continue to develop our market infrastructure and the acquisition of a fully integrated trading engine, SGX QUEST, demonstrates our commitment to giving investors seamless trading and hedging opportunities across both the securities and derivatives markets. Built on a widely adopted technology, SGX QUEST will enable us to meet the increasingly sophisticated trading needs of our customers as well as allow for enhanced connectivity to other markets.

On the capital raising side of our business, we have successfully built up a healthy momentum in attracting listings from overseas, particularly from the China market. We expect this trend to continue on the back of a solid pipeline of prospective issuers and we are increasingly optimistic about attracting some bigger issuers to our market. At the same time, our efforts to gain listings from other regional markets continue. It is particularly pleasing to see that issuers from India are now setting their sights on SGX. We will continue to position our market as a platform for regional growth companies.

## **Derivatives Market**

With the advent of more electronic trading competition, volumes of our Eurodollar contract will continue to be under pressure. We are, however, optimistic about the growth prospects of our Asian derivatives contracts. We will continue to expand our indigenous product range as well as seek more ways of enhancing the efficiency and liquidity of our market. From the third quarter of 2004, the new trading engine, SGX QUEST, will be in commission for the derivatives market. This will ultimately serve to boost the electronic trading of our Nikkei 225 contract on our electronic trading platform because in the final quarter of 2004 we plan to extend the electronic trading hours of both the futures and options contracts currently traded on our electronic trading system. Moreover, we plan to introduce committed market makers to promote greater liquidity in the market.

We remain committed to working with our community of locals in promoting the growth of our electronic trading capabilities. We are launching an electronic learning centre at the open outcry floor so that locals can, free of charge, hone their electronic trading skills in all contracts traded on the floor. In addition, we plan to offer training seminars at the floor by overseas market practitioners on the technical aspects of electronic trading. Finally, as part of our on-going efforts to introduce more electronic trading opportunities to our marketplace, we are introducing handheld PDAs to enable our locals to trade on SGX QUEST from the floor.

## **International Co-operation**

Our efforts to extend our market reach through alliances with like-minded partner exchanges continue. Such alliances can be an effective means of pooling liquidity between markets as well as enabling us to expand our product offering to our customers. As jointly announced previously, we are currently in discussions with Bursa Malaysia regarding the joint development of a cross-trading linkage for securities. The trading link, which is likely to be based on our existing SGX-ASX model, is intended to be launched by the end of 2005. The two exchanges are also exploring cooperation in other areas.

To leverage Singapore's position as a major Asian oil trading hub and financial centre, SGX is also exploring the possibility of jointly establishing a commodity exchange in Singapore with New York Mercantile Exchange, the world's largest energy exchange.

## **Regulation and Supervision of SGX**

The Monetary Authority of Singapore (MAS) is the regulator of SGX. MAS has informed SGX that it plans to levy a supervisory fee for the SGX Group from 1 July 2005. The annual fee, totalling \$1.39 million for FY2006 is intended to meet the costs of regulating and supervising SGX, the exchanges and their clearing houses.

14 (a). Segment Information - Group

12 months ended 30 June 2004					12 months ended 30 June 2003			
Securities Market	Derivatives Market	Other Operations	Group		Securities Market	Derivatives Market	Other Operations	Group
S\$'000	S\$'000	S\$'000	S\$'000		S\$'000	S\$'000	S\$'000	S\$'000
				<b>SEGMENT REVENUE</b>				
240,394	70,604	5,310	316,308	External revenue *	147,204	63,273	8,027	218,504
227	704	70,298	71,229	Inter-segment revenue	3,132	2,349	75,603	81,084
240,621	71,308	75,608	387,537		150,336	65,622	83,630	299,588
(227)	(704)	(70,298)	(71,229)	Less: Consolidation elimination	(3,132)	(2,349)	(75,603)	(81,084)
240,394	70,604	5,310	316,308		147,204	63,273	8,027	218,504
				<b>RESULTS</b>				
169,150	20,384	195	189,729	Segment results *	72,004	6,952	(6,968)	71,988
			(23,309)	Unallocated costs				(19,892)
			166,420	Operating profit before tax				52,096
			(334)	Interest income and other non-operating (loss)/revenue				25,406
			(74)	Share of results of joint venture				(90)
			-	Exceptional item - impairment loss on properties				(50,000)
			(33,236)	Income taxes				(14,606)
			132,776	Net profit after tax				12,806
			188	Minority interests				3,195
			132,964	Profit attributable to shareholders				16,001
				<b>OTHER INFORMATION</b>				
673,796	150,065	4,731	828,592	Segment assets	672,273	146,673	1,277	820,223
			175,486	Unallocated assets				362,718
			1,004,078	Consolidated total assets				1,182,941
293,548	17,822	1,025	312,395	Segment liabilities	329,974	15,881	1,438	347,293
			50,665	Unallocated liabilities				35,566
			363,060	Consolidated total liabilities				382,859
12,842	3,300	72	16,214	Capital expenditure	8,952	8,975	252	18,179
10,536	7,633	269	18,438	Depreciation	12,886	8,626	680	22,192
-	-	-	-	Exceptional item - Impairment loss on properties	23,069	21,931	5,000	50,000
-	-	(55)	(55)	Impairment (reversal)/charge on plant and equipment	-	-	410	410

The Group operates only in Singapore.

\* The comparative segment results and revenue have been reclassified to conform with the current year's segment presentation. For FY2003, certain unallocated corporate costs amounting to \$32,191,000 have been allocated to the various business segments and certain other operations revenue items amounting to \$6,888,000 have been reclassified to the securities market segment.



14 (b). Segment Information - Group

3 months ended 30 June 2004					3 months ended 30 June 2003			
Securities Market	Derivatives Market	Other Operations	Group		Securities Market	Derivatives Market	Other Operations	Group
S\$'000	S\$'000	S\$'000	S\$'000		S\$'000	S\$'000	S\$'000	S\$'000
				<b>SEGMENT REVENUE</b>				
51,351	18,881	1,060	71,292	External revenue	44,364	16,810	2,592	63,766
58	69	11,834	11,961	Inter-segment revenue	699	1,093	16,654	18,446
51,409	18,950	12,894	83,253		45,063	17,903	19,246	82,212
(58)	(69)	(11,834)	(11,961)	Less: Consolidation elimination	(699)	(1,093)	(16,654)	(18,446)
51,351	18,881	1,060	71,292		44,364	16,810	2,592	63,766
				<b>RESULTS</b>				
33,257	10,765	1,252	45,274	Segment results	22,269	341	(1,360)	21,250
			(5,667)	Unallocated costs				(6,276)
			39,607	Operating profit before tax				14,974
			508	Interest income and other non-operating revenue				6,305
			(9)	Share of results of joint venture				(19)
				Exceptional item - impairment loss on properties				(50,000)
			(5,767)	Income taxes				(205)
			34,339	Net profit after tax				(28,945)
			17	Minority interests				858
			34,356	Profit attributable to shareholders				(28,087)
				<b>OTHER INFORMATION</b>				
673,796	150,065	4,731	828,592	Segment assets	672,273	146,673	1,277	820,223
			175,486	Unallocated assets				362,718
			1,004,078	Consolidated total assets				1,182,941
293,548	17,822	1,025	312,395	Segment liabilities	329,974	15,881	1,438	347,293
			50,665	Unallocated liabilities				35,566
			363,060	Consolidated total liabilities				382,859
9,248	517	3	9,768	Capital expenditure	1,523	1,801	88	3,412
2,925	1,270	13	4,208	Depreciation	2,985	2,118	205	5,308
-	-	-	-	Exceptional item - impairment loss on properties	23,069	21,931	5,000	50,000
-	-	-	-	Impairment (reversal)/charge on plant and equipment	-	-	410	410

The Group operates only in Singapore.

\* The comparative segment results and revenue have been reclassified to conform with the current year's segment presentation. For 4Q FY2003, certain unallocated corporate costs amounting to \$9,344,000 have been allocated to the various business segments and certain other operations revenue items amounting to \$2,158,000 have been reclassified to the securities market segment.

15. Dividend Announcement - Company

(a) Interim Dividend

	12 Months Ended	
	30 Jun 2004	30 Jun 2003
Name of Dividend	Interim	Interim
Dividend Type	Cash	Cash
Dividend Rate *	2.925 cents per ordinary share less tax	3.000 cents per ordinary share less tax
Par Value of Shares	\$0.01	\$0.01
Tax Rate	20%	22%
Date Paid	16 February 2004	20 March 2003

\* The interim dividend for FY2004 has been regrossed at the tax rate of 20%.

(b) Proposed Final Dividend

	12 Months Ended	
	30 Jun 2004	30 Jun 2003
Name of Dividend	Final	Final
Dividend Type	Cash	Cash
Dividend Rate	4.075 cents per ordinary share less tax	3.500 cents per ordinary share less tax
Par Value of Shares	\$0.01	\$0.01
Tax Rate	20%	22%
Books Closure Date	5.00pm on 24 September 2004	5.00 pm on 30 October 2003
Date Payable/Paid	6 October 2004	12 November 2003

(c) Proposed Special Dividend

	12 Months Ended	
	30 Jun 2004	30 Jun 2003
Name of Dividend	Special	Special
Dividend Type	Cash	Cash
Dividend Rate	6.500 cents per ordinary share less tax	34.000 cents per ordinary share less tax
Par Value of Shares	\$0.01	\$0.01
Tax Rate	20%	22%
Books Closure Date	5.00pm on 24 September 2004	5.00 pm on 30 October 2003
Date Payable/Paid	6 October 2004	12 November 2003

(d) Total Annual Dividend (net of tax)

	12 Months Ended	
	30 Jun 2004 S\$'000	30 Jun 2003 S\$'000
Ordinary	111,129	323,105
Preference	NA	NA
Total	111,129	323,105

**(e) Directors' Comments**

The Directors are pleased to announce a proposed final gross dividend for the year ended 30 June 2004 of 4.075 cents per share, or 3.260 cents per share net of Singapore income tax of 20%, together with a proposed special gross dividend for the year ended 30 June 2004 of 6.500 cents per share, or 5.200 cents per share net of Singapore income tax of 20%.

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, or a minimum gross annual dividend of 7.000 cents (equivalent to a minimum net annual dividend of 5.600 cents at current tax rate of 20%), whichever is higher, for the foreseeable future. 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.

**16. Share Capital - Company**

During the 3 months ended 30 June 2004, the Company issued 1,663,000 ordinary shares of \$0.01 each at prices ranging from \$0.92 to \$1.01 upon the exercise of options granted under the SGX Share Option Plan (ESOS).

As at 30 June 2004, there were 34,989,500 options outstanding (30 June 2003: 43,623,000) unissued ordinary shares of \$0.01 each in respect of options granted.

**17. Accounting Policies and Audit - Group**

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

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 2003.

Joyce Fong  
Company Secretary  
29 July 2004

### Unaudited Proforma Key Financial Highlight Figures - For Information Only

4Q				12 Months		
FY 2004		FY 2003		FY 2004		FY 2003
***				***		
			<b>Key Results (in S\$ million)</b>			
↑	44	27	EBITDA <sup>(1)</sup>	↑	185	100
↑	34	22	Profit/(loss) attributable to Shareholders <sup>(1)</sup>	↑	133	66
			<b>Key ratios</b>			
↑	11.8%	6.3%	Revenue growth	↑	44.8%	(4.5%)
↓	44.4%	53.1%	Cost to income ratio <sup>(2)</sup>	↓	47.4%	68.3%
↑	55.6%	46.9%	Operating profit margin <sup>(3)</sup>	↑	52.6%	31.7%
↓	47.8%	48.9%	Net profit margin <sup>(4)</sup>	↑	42.0%	32.6%
↑	21.5%	15.8%	Return on shareholders' equity (annualised) <sup>(4)</sup>	↑	20.8%	9.2%
			<b>Key per share data (in cents)</b>			
↑	3.34	2.19	Basic earnings per ordinary share <sup>(1)</sup>	↑	13.02	6.60
↑	3.32	2.18	Diluted earnings per ordinary share <sup>(1)</sup>	↑	12.94	6.59

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

(1) FY2003 and 4Q FY2003 figures excluded \$50 million impairment loss on properties.

(2) Ratio of Operating Expenses to Operating Revenue. FY2003 and 4Q FY2003 figures excluded non-recurring items.

(3) FY2003 and 4Q FY2003 figures excluded non-recurring items.

(4) FY2003 and 4Q FY2003 figures excluded non-recurring items and \$50 million impairment loss on properties.

## AUDITORS' REPORT TO THE SHAREHOLDERS OF SINGAPORE EXCHANGE LIMITED

We have audited the financial statements of Singapore Exchange Limited and the consolidated financial statements of the Group for the financial year ended 30 June 2004 set out on pages 10 to 59. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform our audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion,

- (a) the accompanying financial statements of the Company and consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the Singapore Companies Act, Cap 50 ("the Act") and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Company and of the Group as at 30 June 2004, the results and changes in equity of the Company and of the Group, and the cash flows of the Group for the financial year ended on that date, and
- (b) the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

  
PricewaterhouseCoopers  
Certified Public Accountants

Singapore, 29 July 2004